



Daily Report

China

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Daily Report

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General

U.S. President Bush Tours Southern Somali Town

OW0101125193 Beijing XINHUA in English
1242 GMT 1 Jan 93

[Text] Mogadishu, January 1 (XINHUA)—U.S. President George Bush toured the southern Somali town of Baidoa today on the second day of his visit to the Horn of Africa country.

President Bush wore a garland of red flowers as he was greeted by foreign relief workers and hundreds of cheering children at an orphanage in Baidoa, some 250 kilometers northwest of Mogadishu, which is one of the towns worst hit by famine.

Speaking to reporters, the out-going U.S. President emphasized the U.S. commitment to Somalia, where 300,000 people were estimated to have died of starvation in the past two years.

President Bush, who arrived in Mogadishu on Thursday [31 December] afternoon, visited a relief center outside the Somali capital later in the day and addressed U.S. soldiers in the compound of the heavily guarded U.S. Embassy.

He praised U.S. troops who make up the bulk of the multinational force involved in the United Nations-mandated Operation Restore Hope in Somalia, which began on December 9, to protect relief supplies to the starving in the country which was ravaged by two years of civil war and anarchy.

The U.S. President will tour Bali Dogle, about 160 kilometers west of Mogadishu, before leaving the country this evening.

Leaves Somalia for Russia

OW0201085793 Beijing XINHUA in English
0842 GMT 2 Jan 93

[Text] Mogadishu, January 2 (XINHUA)—U.S. President George Bush has left Somalia for Moscow for the last summit meeting in his career with Russian President Boris Yeltsin on signing two nuclear reduction treaties.

In Somalia, Bush visited American troops who are taking part in a U.N.-mandated Operation Restore Hope to secure relief food distribution to the starving in a famine and anarchy-stricken land.

The U.S. forces make up the bulk of 23,000 foreign troops now in Somalia.

Before Bush left Mogadishu, he reiterated the U.S. commitment to the people of Somalia, stressing they will not be left to suffer the fate they have been suffering.

However, he said the U.S. commitment is not open-ended and the operation will eventually be handed over to the United Nations.

An American official was quoted as saying U.N. Secretary-General Butrus Butrus-Ghali had told Washington it is too soon to withdraw U.S. troops from Somalia at present.

The U.S.-led multinational force started arriving in Somalia on December 9.

Sporadic fighting between rival Somali clans continued on Friday [1 January] on the northwest outskirts of Mogadishu following a two-hour battle in the area on Thursday.

Arrives in Moscow

OW0201123193 Beijing XINHUA in English
1218 GMT 2 Jan 93

[Text] Moscow, January 2 (XINHUA)—U.S. President George Bush arrived here today to sign a nuclear disarmament treaty at a summit with Russian President Boris Yeltsin.

Bush, arriving from a new year visit to U.S. troops in Somalia, landed at Sheremetyevo Airport aboard the presidential plane, Air Force One.

He was due to dine later with Yeltsin in the Kremlin and hold talks with him on bilateral relations and a number of international issues covering the Balkan situation.

The U.S. leader, who hands over the White House to President-elect Bill Clinton on January 20, will sign on Sunday [3 January] with Yeltsin the START-2 [Strategic Arms Reduction Treaty II] treaty, which will slash both sides' arsenals by about two-thirds.

Bush Meets Russia's Yeltsin, Makes Comments

OW0201212293 Beijing XINHUA in English
2038 GMT 2 Jan 93

[Text] Moscow, January 2 (XINHUA)—Russian President Boris Yeltsin and visiting U.S. President George Bush today spoke highly of the rapid development of relations between the two countries and the second Strategic Arms Reduction Treaty (START II) to be signed.

Speaking at a dinner to welcome Bush's visit, Yeltsin said hostility have been removed and partnership established between Russia and the United States.

"On this momentous day, I would express our sincere gratitude to U.S. President George Bush, who has contributed so much to the development of the Russian-American partnership," Yeltsin said.

The historical START II Treaty, he added, is "our joint new year's gift to the people of the earth."

Bush said that the two powers that once divided the world have now come together to make it a better and safer place.

The U.S. President promised Yeltsin that President-elect Clinton would be a "100 percent partner."

"As I prepare to leave the presidency, I bid farewell to a man for whom I have enormous respect," Bush said.

Bush arrived here today from Somalia for a two-day visit.

Talks Precede START II Signing

OW0301093993 Beijing XINHUA in English 0912
GMT 3 Jan 93

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush and Russian President Boris Yeltsin began talks here Sunday before their signing of the START [Strategic Arms Reduction Treaty] II treaty which will yield a mass arms cut in the next decade.

The talks will cover issues ranging from bilateral relations to the situation in the former Yugoslavia.

U.S. Secretary of State Lawrence Eagleburger, White House Chief of Staff James Baker and National Security Advisor Brent Scowcroft from the U.S. party joined the talks. Attending the talks from the Russian side are Defense Minister Pavel Grachev, Foreign Minister Andrey Kozyrev and presidential aid Dmitriy Ryurikov.

The two Presidents are expected to sign the historical arms control treaty at noon time.

START II Treaty Signed

OW0301100993 Beijing XINHUA in English 0943
GMT 3 Jan 93

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush and Russian President Boris Yeltsin signed the START II treaty at Kremlin Sunday.

The treaty requests the two nations to cut their strategic nuclear arsenals by two-thirds within 10 years.

The treaty was signed following talks between the two Presidents.

Treaty's 'Main Points' Noted

OW0301151993 Beijing XINHUA in English 1450
GMT 3 Jan 93

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush and his Russian counterpart Boris Yeltsin signed the second Strategic Arms Reduction Treaty (START-2) in the Kremlin on Sunday (3 January). Here are the treaty's main points:

- By January 1, 2003, total number of strategic nuclear warheads held by each side to have been reduced to 3,000-3,500 units. This means the elimination of 15,000 of the two sides' current combined arsenals of 21,000 warheads.
- Land-based intercontinental ballistic missiles (ICBMs) with multiple warheads to be eliminated.

—Each side to cut the number of warheads on submarine-launched ballistic missiles (SLBMs) to a level of 1,700-1,750 units.

—Limits to be imposed on number of warheads with which heavy bombers on each side can be equipped, varying from 750 to 1,250 units of any type.

—Each side has the right to re-assign up to 100 heavy bombers for non-nuclear tasks. These aircraft will not be counted in the overall fixed levels.

—Each side has the right to "download" certain multiple warhead ICBMs to carry single warheads.

—Each side may restructure some of the silos of its ICBMs to house single-warhead missiles.

Implementation will be carried out in two stages up to the year 2003.

Further on START II

OW0301122093 Beijing XINHUA in English 1210
GMT 3 Jan 93

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush and Russian President Boris Yeltsin signed the second Strategic Arms Reduction Treaty (START-2) at Kremlin today.

At the signing ceremony, Yeltsin called the treaty a "treaty of hope" and "a triumph for Russia and the United States... (that) benefits all the peoples of the earth."

He thanked President Bush, U.S. Secretary of State Lawrence Eagleburger and James Baker, the former secretary of state and currently White House chief of staff, for "a successful transition from the cold war to a new world order" and for their work in establishing new relations between Russia and the United States.

Yeltsin also hoped that U.S. President-elect Bill Clinton, who will take over the White House later this month, will fully support the treaty and the world stability.

"I consider it of fundamental importance that the future president of the United States, Mr. Clinton, fully supported the conclusion of the START-2 treaty," Yeltsin said. "We can without delay proceed to the direct implementation of this instrument and consider further steps to strengthen global stability."

President Bush said he had talked to Clinton and "he is most interested in keeping this U.S.-Russian relationship on high plane on which it stands right now."

Bush also said the START-2 treaty was more proof that the two former adversaries were now able to cooperate to make the world safer.

"For half of this century, the Soviet Union and the United States stood locked in a nuclear stand-off," Bush

said. But "today, the cold war is over...(and the two countries) turn an relationship into one of friendship and partnership."

The treaty was signed following talks between the two Presidents during Bush's 24-hour stop in Moscow, the final trip to showcase foreign policy advances of his presidency.

The START-2 treaty requests the two nations to cut their strategic nuclear arsenals by two-thirds within 10 years and eliminate all intercontinental land-based multiple-warhead missiles.

Through the treaty, Bush said, "we seek a new relationship of trust between our military forces."

"We seek a new cooperation between the U.S. and Russia and among all states to prevent the spread of nuclear weapons and other weapons of mass destruction," Bush added.

More on Moscow Activities

OW0301144593 Beijing XINHUA in English
1422 GMT 3 Jan 93

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush left here today for Paris soon after signing the second Strategic Arms Reduction Treaty (START-2) with his Russian counterpart Boris Yeltsin.

Under the accord, the two sides should slash their nuclear arsenals by more than two-thirds, or reduce the arms to 3,000 to 3,500 warheads by January 1, 2003.

At a signing ceremony in Kremlin, Yeltsin called the accord "the treaty of hope." It "is an achievement for all mankind and benefits all peoples of the earth," he added.

President Bush said "the world looks to us to consign the cold war to history, to ratify our new relationship by reducing the weapons that concentrate the most destructive power known to man."

Bush also said the START-2 treaty was more proof that the two former adversaries were now able to cooperate to make the world safer.

"For half of this century, the Soviet Union and the United States stood locked in a nuclear stand-off," he said. But "today, the cold war is over...(and the two countries) turn an relationship into one of friendship and partnership."

At a joint news conference following the signing ceremony, Yeltsin said he and Bush discussed the bilateral relations, the foreign debt of the former Soviet Union and the grain supplies.

He said, "in the context of the present economic crisis (in Russia), it would be difficult for us to keep the pace without outside assistance."

Yeltsin also said a section of the Russian parliament opposed the new START-2 treaty but he was confident it would be ratified.

"I am sure the Supreme Soviet (parliament) will ratify it," he told reporters.

The Russian president thanked Bush, U.S. Secretary of State Lawrence Eagleburger and James Baker, the former secretary of state and currently White House chief of staff, for their work in establishing new relations between Russia and the United States.

He hoped that U.S. President-elect Bill Clinton, who will take over the White House later this month, will fully support the treaty and the world stability.

"I consider it of fundamental importance that the future president of the United States, Mr. Clinton, fully supported the conclusion of the START-2 treaty," Yeltsin said. "We can without delay proceed to the direct implementation of this instrument and consider further steps to strengthen global stability."

President Bush said he had talked to Clinton, and "he is most interested in keeping this U.S.-Russian relationship on high plane on which it stands right now."

Bush also said "deep arms reductions, broader and deeper economic ties, expanded trade with Russia, all are in the interest of my country."

The two presidents also said that the U.S. and Russian positions on ways to stop the fighting in the former Yugoslavia were "close" and both pledged to redouble efforts to stop the fighting there.

"I came away with the feeling we were very very close together...in wanting to see peace restored in that area," Bush told the press conference.

The START-2 treaty was signed following talks between the two Presidents during Bush's 24-hour stop in Moscow, the final trip to showcase foreign policy advances of his presidency.

Yeltsin said the treaty would not weaken the security of Russia but strengthen it.

And Bush said "we do not view this as a one-sided treaty at all. We view it as balanced."

Through the treaty, Bush added, "we seek a new relationship of trust between our military forces...a new cooperation between the U.S. and Russia and among all states to prevent the spread of nuclear weapons and other weapons of mass destruction."

In Paris, the U.S. President is expected to discuss with French President Francois Mitterrand the civil war in ex-Yugoslavia and cooperation between U.S. and French troops in Somalia.

Joint Statement on Nagorno-Karabakh*OW0301184393 Beijing XINHUA in English
1642 GMT 3 Jan 93*

[Text] Moscow, January 3 (XINHUA)—Russian President Boris Yeltsin and his U.S. counterpart George Bush called in a joint statement issued here today for an immediate end to the bloody conflict in the Nagorno-Karabakh region.

In the statement, the two leaders said that they hoped Azerbaijani and Armenian leaders and all others involved in the conflict would demonstrate with their deeds a desire for a political resolution of the strife and their respect for the agreements already reached by the two sides.

The two Presidents also proposed an early convening of the Minsk meeting of the Conference on Security and Cooperation in Europe to end the conflict. They would take joint actions to seek a solution acceptable to all, they said.

The statement said the United States and Russia were anxious about the armed conflict in the Nagorno-Karabakh region, which had lasted for a few years.

Moscow Departure Reported*OW0301122993 Beijing XINHUA in English
1209 GMT 3 Jan 93*

[Text] Moscow, January 3 (XINHUA)—U.S. President George Bush flew out of Moscow this noon for Paris after signing a historic arms reduction treaty with Russian President Boris Yeltsin.

Yeltsin bade him farewell at Sheremetyevo Airport.

In Paris, Bush will hold talks with French President Francois Mitterrand focusing on the civil war in ex-Yugoslavia and cooperation between U.S. and French troops protecting aid for the starving in Somalia.

The START-2 [Strategic Arms Reduction Treaty II] treaty signed earlier today by Bush and Yeltsin will slash their nuclear arsenals by more than two-thirds.

Bush Visits Paris for Talks With Mitterrand*OW0301172193 Beijing XINHUA in English
1622 GMT 3 Jan 93*

[Text] Paris, January 3 (XINHUA)—U.S. President George Bush arrived in Paris Sunday [3 January] for talks with French President Francois Mitterrand on the situation in the former Yugoslavia.

Bush arrived from Moscow where he signed the second Strategic Arms Reduction Treaty with his Russian counterpart Boris Yeltsin.

French and U.S. officials said that Bush and Mitterrand are expected to discuss the civil-war in the former

Yugoslavia and cooperation between U.S. and French troops protecting aid for the starving in Somalia.

Bush will have a four-hour stay in Paris before flying back to Washington.

Balkan Developments Assessed*OW0401035093 Beijing XINHUA in English
0236 GMT 4 Jan 93*

[Text] Paris, January 3 (XINHUA)—French President Francois Mitterrand and U.S. President George Bush expressed their hope today that the Geneva talks on the ex-Yugoslavia would reach a peace agreement so as to avoid a military intervention.

"It is very important that the diplomatic efforts under way now succeed," Bush told newsmen after a two-hour meeting with Mitterrand at the Elysees Palace.

The out-going President said the United Nations could approve military enforcement of the "no-fly zone" fairly soon in Bosnia if the Geneva talks failed. But he assured that the United States would not take unilateral actions.

Bush arrived here this afternoon for a four-hour stopover on his way back from Moscow where he signed a landmark arms control treaty with Russian President Boris Yeltsin.

"A diplomatic answer is absolutely essential" to stop the conflicts and "the sooner the better," Bush added.

President Mitterrand echoed Bush's statement, saying the resolution on establishing a "no-fly zone" over Bosnia-Herzegovina could be applied through military force.

He added although diplomatic efforts by the international community in settling the issue have not gained progress, but such efforts should not be given up.

It would be imprudent to take actions before the end of the Geneva talks, he noted.

However, France has differences with the United States on the ways of military intervention in the former Yugoslavia. Washington has proposed to bomb Serbian airports, but Paris insists on intercepting flights from entering the "no-fly zone," fearing that the French soldiers on mission would suffer from retaliation.

During the talks, the two leaders also exchanged views on the controversial talks of the General Agreement on Tariffs and Trade (GATT). Mitterrand admitted that they had not made any obvious progress in bridging their differences.

Bush flew home from Paris this evening after the final foreign policy foray of his presidency that included a visit to U.N. troops in Somalia and a summit with Boris Yeltsin in Moscow.

Spokesman Welcomes START II Treaty Signing

OW0401102393 Beijing XINHUA in English 1016
GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—China today expressed welcome to the signing of the Second Strategic Arms Reduction Treaty (START II) between the United States and Russia.

"China welcomes this development and hopes that the United States and Russia will begin to implement the treaty as soon as possible," a Chinese Foreign Ministry spokesman said when asked to comment on the signing of the treaty.

XINHUA Commentary

OW0401064693 Beijing XINHUA Domestic Service in Chinese 0408 GMT 4 Jan 93

["Commentary" by XINHUA reporter Wan Chengcai]

[Text] Moscow, 3 Jan (XINHUA)—U.S. President Bush made a trip to Moscow during his final days in office, and on 3 January signed the second Strategic Arms Reduction Treaty (START II), which he referred to as "the document of the century," with Russian President Yeltsin.

If, as stipulated in the accord, the two sides slash the nuclear arsenals of over 20,000 warheads in the two nations' possession to 6,500 by 1 January 2003, it will undoubtedly reduce the nuclear threat to mankind. Therefore, it is a welcome development.

However, the history of Soviet-U.S. arms reduction talks serves as a reminder that it is hard to reach agreements, and even harder to implement them. The Soviet Union and the United States started talks on limiting strategic arms in November 1969. In November 1972 and in June 1976, the two nations signed a treaty on limiting antiballistic missiles and another on limiting strategic arms, respectively. As everybody knows, these treaties have not been put into force; on the contrary, in the subsequent years the two nations' nuclear arsenals grew progressively to the point of saturation. In 1982, the two nations restarted negotiations on reducing strategic arms. After intense bargaining, Bush went to Moscow in July 1991 and signed the first Strategic Arms Reduction Treaty (START I) with Gorbachev. To this day, there are still some problems regarding its implementation. For example, there are strategic nuclear arms in the Ukraine deployed by the former Soviet Union, and the Ukrainian Parliament so far has not ratified the treaty.

Since the breakup of the Soviet Union, the world situation has undergone changes. Proceeding from the international situation and the economic slump in their respective countries, Bush and Yeltsin stepped up talks on START II, and, in Washington in June 1992, signed a framework agreement on the further reduction of these types of arms. In view of the fact that Bush is to leave office soon and Yeltsin did not want to see Russo-U.S.

relations at a standstill as a result of Bush's departure from the White House, the two sides stepped up the negotiation process which eventually led to the successful conclusion of the treaty.

Both the Russian and U.S. Presidents spoke highly of the treaty. Yeltsin said that the treaty "opens up a new era for our two nations and for the world." On the other hand, Bush said that the treaty marks the end of the "cold war" and that the Russo-U.S. relationship has turned from confrontation into one of partnership.

However, one fundamental fact is noteworthy: Even if the two nations fulfill the START II Treaty, Russia and the United States will still be the world's two largest nuclear powers 10 years from now, and their respective strategic nuclear arms arsenal will remain at the 1960's and 1970's levels; the nuclear threat to the world will not have been removed.

We should be aware that certain forces within both Russia and the United States regard the START II Treaty as detrimental to their respective national interests. Therefore, they could try to prevent the treaties from being ratified smoothly by their respective legislatures.

Russian Defense Minister Grachev indicated on 3 January that military experts are ready to persuade the people and parliament so that the treaty can be ratified. This shows that there is resistance to the treaty's ratification.

On the U.S. side, although Bush said that President-Elect Clinton supports the treaty, it is still uncertain what position he will take after inauguration.

Implementation of the START II Treaty depends, to some degree, on the Ukraine's stance. As mentioned above, the Ukraine so far has not ratified START I, saying that some of the provisions in that treaty do not reflect its interests. It wants assurances on its security before ratifying the treaty.

Furthermore, dismantling nuclear missiles requires huge funds. This is no small problem for Russia, which is still in an economic crisis.

No matter how many twists and turns there will be in the course of the treaty's implementation, people still hope that the two signatories will strictly fulfill their obligations to slash the number of their nuclear strategic arms.

History of START Treaties Reviewed

OW0401121393 Beijing XINHUA in English
1152 GMT 4 Jan 93

[By Wan Chengcai: "START II Treaty: Not Easy To Sign, Still More Difficult To Implement"]

[Text] Moscow, January 4 (XINHUA)—U.S. President George Bush and Russian President Boris Yeltsin hailed

the START [Strategic Arms Reduction Treaty] II treaty they signed in Moscow Sunday [3 January] as a historic document.

Under the accord, the two countries will slash their nuclear arsenals by more than two-thirds, or reduce their strategic arms to 3,000-3,500 warheads by January 1, 2003 at the latest.

So, if the treaty is actually carried out, it will surely benefit the world by lessening nuclear threats.

But the history of U.S.-Soviet arms reduction talks reminds us that while it is not easy to sign such an agreement, it is still more difficult to implement it.

The United States and the Soviet Union began their strategic arms limitation talks in November, 1969. But it was not until November, 1972 and June, 1976 that the two countries signed the Anti-Ballistic Missile Treaty and the Strategic Arms Limitation Treaty, respectively.

What was more, the two countries did not actually implement the treaties but further expanded their nuclear arsenals instead.

The START talks started from 1982. After heated bargaining, Bush and Gorbachev signed the START I treaty in July 1991. But there are still some problems in the way of execution. Ukraine's parliament, for instance, has not yet ratified the treaty.

After the disintegration of the former Soviet Union, Bush and Yeltsin began to speed up the START talks. As a result, a framework agreement was reached in Washington in June, 1992.

Since President Bush was to hand over power to Bill Clinton soon and President Yeltsin did not want to see any standstill in the U.S.-Russian relations, the two sides accelerated the pace of negotiations and brought them to success.

Both presidents spoke highly of the START II treaty. Yeltsin said it turned a new page for U.S.-Russian relations as well as for the whole world. Bush said that the treaty signified the end of cold war and that the United States and Russia have become partners instead of rivalries.

But a basic fact persists: Even if the two countries succeeded in implementing the START II treaty, Russia and the United States would remain the largest nuclear powers with their nuclear armaments kept at the levels of the 1970s and the 1960s respectively.

Moreover, now there are people in both countries opposing the treaty. They will possibly try to block its ratification by the parliaments.

Russian Defense Minister Pavel Grachev said Saturday military experts would be sent to persuade the people

and the parliament to ratify the treaty. This could be regarded as an evidence of the presence of opposition in Russia.

In the United States, too, it is not clear whether Bill Clinton will continue to support the treaty after taking office as president.

In addition, implementation of the START II treaty would rely heavily on Ukraine's position.

Ukraine's parliament has not yet ratified the START I treaty, arguing the document does not reflect the interests of Ukraine and demanding that its security be guaranteed before it complies.

Last but not least, to destroy nuclear weapons needs a large sum of money, which for Russia is a hard nut to crack with its economy in disarray.

But, however difficult it might be, the world community is expecting to see the two sides to abide by the treaty faithfully.

'Roundup' on START II Background

OW0201135693 Beijing XINHUA Domestic Service in Chinese 0120 GMT 2 Jan 93

["Roundup" by reporter Wu Zhiqiang (0702 1807 1730): "Background of the Second Phase of the 'Strategic Arms Reduction Treaty' To Be Signed Between the United States and Russia"]

[Text] Washington, 1 Jan (XINHUA)—U.S. President Bush and Russian President Yeltsin are going to formally sign the second phase of the "Strategic Arms Reduction Treaty [START]" between 2 and 3 January. The treaty stipulates that by the year 2003 both the United States and Russia must reduce the total number of nuclear warheads, which is currently about 20,000, by two thirds and keep only 6,000-7,000 warheads, destroy all land-based intercontinental ballistic missiles with multiple warheads, and cut each sides' sea-based intercontinental ballistic missiles to 1,750. Bush spoke highly of the treaty as "beneficial to all mankind," while Yeltsin called it "the document of the century" and "the greatest achievement in the bilateral relations" of Russia and the United States.

"Technical Problems"

Bush and former Soviet President Gorbachev signed the first phase of the "START" (hereafter called "START I" for short) in Moscow on 31 July 1991. START I stipulates that short-range tactical nuclear warheads and long-range strategic ballistic nuclear warheads must be cut from 22,500 to 15,000 within seven years after the treaty takes effect. After the Soviet Union fell apart, the United States signed agreements separately with Russia, the Ukraine, Kazakhstan, and Belarus, the four former Soviet republics which possess nuclear arms, on the implementation of START I. In early 1992, the Ukraine,

Kazakhstan, and Belarus promised to transfer the strategic nuclear arms in their territories to Russia for storage and destruction.

In early 1992, the Russian and U.S. Presidents separately called for signing the second phase of "START" (hereafter called "START II" for short) on the basis of START I for further reductions of strategic nuclear arms. Bush and Yeltsin reached an agreement on the principles of START II in Washington on 16 June. However, both sides did not finally reach an agreement on the official document until 29 December in Geneva, due to the U.S. presidential election, the Russian domestic political situation, and the treaty's so-called "technical problems."

The first "technical problem" concerns the launching silos for the SS-18 ballistic missiles in Russia. The SS-18 is the most powerful land-based ballistic nuclear missile with multiple warheads in the world. There is a total of 308 such missiles on former Soviet territory. START I and START II respectively require destruction of 154 such missiles. However, the Russian side asked to keep this kind of launching silo for deployment of mobile ballistic missiles with single warheads, like the SS-35, to save expenses. The U.S. side changed its original stance and agreed to let Russia keep 90 launching silos on condition that they be transformed.

The second problem is a request by Russia to refit the multiple-warhead SS-19 ballistic missile into a missile with a single warhead, thereby reducing the expenses for destruction of all SS-19 ballistic missiles and production of ballistic missiles with a single warhead once again. The United States made a concession on this request, too, agreeing to let Russia refit 105 SS-19's into ballistic missiles with a single warhead.

The third problem is that the United States hopes to equip the B-1 bombers with nuclear arms after the B-52's are decommissioned in the future. According to a plan agreed upon, the United States can do so, but Russia will have the right to send expert observers for a decision on which B-1 and B-52 bombers are permitted to carry nuclear arms.

Wildly Beating Gongs and Drums [Intense Publicity Campaign in Preparation for Some Undertakings]; Each Side Has Its Own Intentions

The United States and Russia stepped up talks on START II in the past few months. Bush and Yeltsin held several consultations by phone; and the foreign ministers and nuclear arms experts of the two countries held talks frequently. Out of consideration for their respective needs, both sides hoped to reach a formal agreement as soon as possible.

The U.S. side wanted to sign the treaty before the term of Bush's presidency expires on 20 January to let Bush "step down after having successfully performed his job." Though Bush's staff in charge of foreign affairs is familiar with talks on arms control, incoming President

Clinton's staff is all new and may cause delays. Moreover, the United States is very much worried about Russia's domestic situation and fears that a long night may be fraught with dreams [a long delay may mean many hitches] and create more subsidiary issues.

Judging from the kinds of ballistic missiles and the magnitude of reduction covered by START II, one can see that the United States obviously gained the upper hand. All land-based intercontinental ballistic missiles with multiple warheads that must be destroyed as per the treaty's stipulations account for two thirds of Russia's nuclear arsenal. Among them the SS-18 is the most powerful ballistic missile in Russia and in the world. START II does not require much reduction of sea-based ballistic missiles, in which the United States holds a dominant position. As an editorial in THE WASHINGTON POST notes on 30 October 1992, START II "requires unequal reduction and deprives the Moscow side—the Moscow side only—of nuclear first-strike capability."

One Cannot Afford To Be Optimistic About Implementation of the Treaty

START II is based on START I. So far, START I has been approved by the U.S. Congress and by Russia's and Kazakhstan's Supreme Soviets only. Belarus already indicated that it would approve the treaty as soon as possible.

The Ukraine originally promised the United States that it would approve START I in 1992. However, now it seems the treaty will not be approved by its Supreme Soviet until February or March 1993.

Both the United States and Russia expressed that, unless the Ukraine's and Belarus' Supreme Soviets also approve START I, they will not implement the treaty.

START II, which is going to be signed soon, is also encountering similar problems. Although Yeltsin said that the Russian Supreme Soviet can approve the treaty very quickly, analysts believe that some people in Russia, especially in the military, are quite dissatisfied with the concessions Russia is making in it and that opposition to its approval in the Supreme Soviet also cannot be underestimated.

'Roundup' on Iraqi Protest of U.S. Actions

OW0201093993 Beijing XINHUA in English
0911 GMT 2 Jan 93

["Roundup" by Zhang Dacheng: "U.S. Planes Continue Sorties Over Southern Iraq"]

[Text] Baghdad, January 2 (XINHUA)—Iraq has lodged a protest to the United Nations against the continued violation of its airspace by U.S. planes over southern and northern Iraq following the downing of an Iraqi jet.

The protest came after the U.S. aircraft carrier Kitty Hawk arrived in the Gulf to take part in the operation.

In a memorandum to U.N. Secretary-General Butrus Butrus-Ghali Friday [1 January], Iraq called the U.S. move "an act of provocation."

The allied war planes, based in Turkey and Saudi Arabia, have carried out an estimated 420 sorties over northern and southern Iraq on December 22-28, the memorandum said.

This was the first time that Iraq lodged a protest to the U.N. against the U.S. after an American warplane shot down an Iraqi jet fighter in the so-called "no-fly" zone over southern Iraq on December 27.

The zone was set up by the U.S.-led allied forces early last year, allegedly to shield the Shi'ites there from government attacks. A similar "safe haven" was established in northern Iraq to protect the Kurds there.

As the allied warplanes continued their sorties, the U.S. aircraft carrier Kitty Hawk, with about 75 jet fighters on board, arrived in the Gulf from Somalia to strengthen the operation to enforce the "no-fly" zone which lies below the 32nd parallel.

The latest developments drew strong reaction from Iraq. Iraqi Deputy Prime Minister Tariq 'Aziz denounced the shooting incident as "an aggressive act," saying that the imposition of the no-fly zone "goes beyond the U.N. resolutions."

He stressed that Iraq does not recognize the ban imposed on its flights and urged Arab states and the world community to condemn the "aggressive act" and to press the Western powers to stop violating Iraqi airspace.

Meanwhile, U.S. President George Bush has warned that more Iraqi planes would be shot down if they violated the "no-fly" zone.

Bush said that Iraqi President Saddam Husayn has made another "big mistake" by trying to test the U.S. resolve to enforce the zone.

U.S. President-elect Bill Clinton said he supported the military action.

"Sending planes into the U.N.'s no-fly zone, Iraq is testing the international resolve," he said.

Reports said more Iraqi warplanes have flown cross the 32nd parallel following the shooting incident, but they returned immediately before being intercepted.

United States & Canada

Article Examines Bill Clinton's Policy on PRC

HK0301084193 Hong Kong WEN WEI PO in Chinese
3 Jan 93 p 27

[Article by Lin Ling (2651 0407): "China's Standing Will Determine Future of Sino-U.S. Relations"]

[Text] Anyone who has paid even a little attention to the current international situation—whatever his political leaning—should know that today China's standing and influence on international affairs cannot be underestimated or ignored. This is why Clinton mentioned U.S.-Chinese relations most frequently when discussing U.S. relations with other countries during his election campaign and after his victory. This is also why this topic is the one that has drawn the most attention from the public.

In his remarks on U.S.-Chinese relations, Clinton has changed his tune from the denunciation of "tyranny" to the declaration of having "no intention of isolating China." This is a specific indication that Clinton has gradually realized China's influence in international affairs. Clinton's declaration that he has "no intention of isolating China" means that he realized—on the eve of President Yeltsin's visit to China—that the arrival of a "brand new stage" of Sino-Russian relations has become an ironclad fact, and that therefore he has understood that the triangle of "China-U.S.-Russia" relations has certainly not become something to be ignored following the Soviet Union's dissolution. On the other hand, in the process of global "multipolarization," the United States can no longer keep Japan and the EC under control. Given such a climate, the point is not whether the United States "wants" to isolate China but that it simply "cannot" do it. President Bush, who is more familiar with international affairs and more experienced in foreign relations, recently told "the truth" for the first time. He noted that, by isolating China, the United States will almost be isolating itself. Before being relieved of his office, he has used his discretion as President to accomplish two major tasks conducive to U.S.-Chinese relations: 1) He sent the secretary of commerce to visit China, and 2) he announced the lifting of the ban on U.S. sales of certain high technology products to China. Some people have noted that this is a demonstration by Bush to remind Clinton that, for the sake of national interests, the United States cannot "clash head on" with China with regard to their relations.

Clinton's most recent mention of U.S.-China relations was made on 22 December, the day following Bush's announcement of the lifting of the above-mentioned "ban." He aired his great dissatisfaction with the \$15 billion surplus in favor of China in Sino-U.S. trade (there is a considerable discrepancy between the amounts of surplus claimed by China and by the United States, because of the very different calculation methods used by each side), and he pledged to use this as a foundation for pressuring China. Clinton's spokesman Stephanopoulos made it still clearer: "We certainly must pressure China to make it respect human rights." A spokesman for the Chinese Foreign Ministry immediately refuted this statement, pointing out that linking the trade issue with other affairs "will not help promote economic ties and trade between China and the United States at all."

As far as U.S. foreign trade is concerned, China's trade surplus is much lower than Japan's, which stands as high

as \$40 billion. But we have not heard the U.S. side threatening to "pressure" Japan. The double standard the U.S. side has adopted on this issue is obvious to all.

The Chinese side has made many efforts to alleviate the imbalance in Sino-U.S. trade. A major measure that has been adopted is the opening of some markets considered necessary. In the final analysis, however, the U.S. deficits derived from Sino-U.S. trade can be attributed to the fact that the United States "is reaping what it has sown" in "imposing sanctions" against China. Before "sanctions" were imposed, the most profitable U.S. exports to China were "high technology" products. As soon as this kind of business was banned, "trade deficits" were inevitable. Because Clinton is not trying to ascertain these contributing factors on the part of the United States but intends to "pressure" China under the pretext of "human rights," he has deviated from the real meaning of the issue.

U.S. economic recovery is Clinton's top priority task and also the crucial matter that will determine whether he will be reelected after his four-year term. Both Sino-U.S. trade relations and the most-favored-nation issue are closely related to Clinton's imminent task of reinvigorating the economy. Both China and the United States will suffer if he is to "act arbitrarily." It is believed that Clinton, after weighing the pros and cons, will adopt a China policy aimed at promoting economic ties and trade while using the "human rights" issue as camouflage.

No country in this world can claim that its "human right" conditions are perfect, and there is room for improvement in human rights on China's part. If the human rights problem had already been solved in the United States, however, the Los Angeles riots would not have happened. The attempt to link trade with "human rights" and to interfere in other countries' internal affairs under the pretext of "human rights" is not only opposed by China but also by most developing countries. During the UN Human Rights Committee meeting in Switzerland last March, the Nonaligned Movement summit in Jakarta last July, and the ASEAN and European Community ministerial conference in Manila last September, a predominant, common opinion was to oppose the attempt to link economic aid with "human rights records" and to interfere in other countries' internal affairs under the pretext of safeguarding human rights.

Facts have shown that "politicization" of trade is unpopular, and the attempt to link trade with "human rights" does not work, either.

'Roundup' Cites U.S. Expert on Domestic Poverty
OW0201092793 Beijing XINHUA Domestic Service in Chinese 0318 GMT 2 Jan 93

["Roundup" by correspondent Wang Jinhe [3769 6855 0735]: "There Is Also a 'Somalia' in the United States"]

[Text] Washington, 1 Jan (XINHUA)—The U.S. Government dispatched tens of thousands of Marines to carry out "Operation Restore Hope" in Somalia not long ago and to offer a helping hand in saving over 2 million Somali adults and children struggling for existence on the brink of starvation. However, you probably are not aware that there is also a "Somalia" in the United States in which as many as over 14 million children are suffering from both poverty and sickness.

According to an ASSOCIATED PRESS report from Little Rock, a woman named (Marianne Alderman) was among those who took the floor at an economic conference held by U.S. President-elect Clinton. She made an appeal for these poor children.

(Alderman) is the chairwoman of the (Foundation for the Protection of Children) in the United States. In her speech, she said: "I believe that in the war-torn, poor country of Somalia thousands of children are enduring the torments of hunger and are just waiting for the time to die when they can no longer endure. Morally speaking, it is a very great tragedy. However, in the richest country in the world (the United States), there are 14.3 million children living in poverty; and in a country with a gross national output of \$5.9 trillion, there are about 5 million people suffering from hunger every month and 8 million people without health insurance. This is a misrepresentation of humanity and morality."

(Alderman) said: "We must examine our consciences: why is the number of children living in poverty in the United States, which is a rich country, higher than the number of citizens of famine-stricken Somalia (over 7.7 million), and why does the number of children living in poverty in Los Angeles and New York exceed the population of Botswana (1.3 million), a so-called developing country?" She asked: "Where are the true values of a rich and democratic country?"

The 1992 annual report issued recently by the U.S. (Foundation for the Protection of Children) points out: In the United States, one of every five children lives in poverty; under 60 percent of 2-year-old infants receive immunization shots; about 2.7 million children are abused or discriminated against across the country; and hundreds of thousands of infants and children are abandoned in large nurseries or child care centers and are not being properly taken care of as they should be.

The report points out: Children frequently become victims of violence. Crimes of violence, such as robbery committed by criminals with guns, have been increasing in the past few years. Last year, on average one child was killed by the guns of robbers every three hours.

Ms. (Alderman) is the founder of the U.S. (Foundation for the Protection of Children). She is a close friend of Mrs. Hillary Clinton, who is the wife of U.S. President-elect Clinton and has been the chairwoman of the foundation. At the economic conference, she called on Clinton and other decisionmakers not to neglect American children and Americans living in poverty.

Central Eurasia

XINHUA Interviews Russia's Shokhin on Ties

OW3112153792 Beijing XINHUA in English 1514
GMT 31 Dec 92

[Text] Moscow, December 31 (XINHUA)—Russian Deputy Prime Minister Aleksandr Shokhin said today that Russia was optimistic about further development in its economic cooperation with China in 1993.

In an interview with XINHUA, Shokhin said Russian President Boris Yeltsin's successful visit to China during December 17-19 had underscored the great potential that existed for bilateral cooperation.

Shokhin, the Russian chairman of the Russian-Chinese Committee for Economic and Technological Cooperation who accompanied Yeltsin to China, highly evaluated Yeltsin's visit and outlined the bright prospects for economic cooperation between the two countries.

The 24 documents, including one on 1993 economic and technological cooperation, signed during Yeltsin's China visit had laid firm foundations for such cooperation, he said.

The trade volume between both sides in 1992 exceeded the total volume in 1990 between China and the former Soviet Union, he said.

Chen Xitong Meets Russian Group, Moscow Mayor

SK0401101193 Beijing BEIJING RIBAO in Chinese 19
Dec 92 p 3

[By reporter Lian Gong (6647 0364): "Chen Xitong Meets With Guests From Moscow"]

[Text] At 1200 on 18 December at Guibinlou Hotel, Chen Xitong, state councillor and mayor of Beijing Municipality, met with Luzhkov, Moscow mayor, (Blavyev), first vice premier, and his entourage.

Luzhkov accompanied President Yeltsin on his visit China. He also signed an agreement with Mayor Chen Xitong on developing friendship and cooperation ties between Beijing Municipality and Moscow. At the invitation of the Beijing municipal government, (Blavyev), first vice premier, visited the municipality to attend the signing ceremony.

Mayor Chen Xitong welcomed the guests. After happily recalling his visit to Moscow in 1986, he said that Beijing Municipality should emulate and refer to Moscow's experiences in urban administrative planning, urban management, and environmental greening work. Mayor Chen Xitong noted that there were no obstacles in further improving the ties of friendship and cooperation between the two great countries' capitals.

At the meeting, Mayor Luzhkov explained the work and organization of the Moscow city government. He said

that Moscow city is willing to emulate and refer to the successful experiences gained by China and Beijing Municipality in reform, opening, urban planning, and urban construction.

Zhang Jianmin, Zhang Baifa, Tie Ying, and (Aoloubiyov), minister-councillor of the Russian Embassy in China, attended the meeting.

Russian Education Delegation Visits Heilongjiang

SK0401104593 Harbin HEILONGJIANG RIBAO in
Chinese 15 Dec 92 p 1

[By Li Shaoyi (2621 1421 3015) and reporter Zhang Ping (1728 5393): "Our Province Signs an Agreement With Russia on Educational Exchanges"]

[Text] A delegation from the Russian Ministry of Higher Education and Technical Policies visited our province from 11-14 December. It held an extensive and deep discussion with the provincial Education Commission on continuously enhancing educational exchange and cooperation between the province and Russia. On 13 December Vice Governor Dai Moan received the Russian delegation and signed an agreement on educational exchanges.

China and Russia reached a consensus on allowing our province's students to study at their own expense in Russia. They also adopted a decision to have our province's Education Commission determine the Russian colleges and schools that are qualified to receive Chinese students and appraise whether the students sent by the province to study at their own expense in Russia are qualified. Russia should also establish corresponding organs to appraise the Chinese students' qualification in line with the teaching level and living conditions. Russia should rectify the problems in some schools that are not responsible for the Chinese students and are not qualified to accept foreign students. It should also circulate a notice that these schools are not qualified. Russian schools that have serious problems in accepting foreign students should have their qualifications revoked.

According to a Russian suggestion, our province can select students at different levels and send them to Russia for college preparatory classes and for undergraduate, graduate, and post-graduate classes. The Russians have also decided to accept Chinese students who are majoring in high technology college courses. They also urged our province to coordinate with or help other provinces send their students to Russia. The Russian consulate general in Shenyang will not issue a visa to Chinese students without the approval of Jilin Province's Education Commission.

Both sides expressed satisfaction with the cooperation over the past two years and unanimously contended that they will further consolidate, develop, and broaden their cooperation. The Russian delegation left Harbin for Beijing on 14 December.

'Yearender' Assesses First Year of CIS

OW0301180593 Beijing XINHUA in English 1645
GMT 3 Jan 93

["Yearender" by Wan Chengcai]

[Text] Moscow, January 3 (XINHUA)—The 11-member Commonwealth of Independent States (CIS), which was established on December 21, 1991 after the demise of the Soviet Union, has somehow survived its first year of creation over numerous failures and sharp divergences among its members.

In the past year, the CIS, formed under the Alma-Ata Declaration, failed to create as desired a united army, a common economic space and a unified currency.

The CIS groups Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. Georgia is a potential member whose accession depends on the solution of certain important problems.

Russia led other republics in halting the formation of a common economic space.

On January 2, 1992, Russia became the first CIS nation to liberalize prices, despite the opposition from other CIS nations, in a bid to start radical reforms known as "shock treatment."

To avert possible negative effects of these reforms on them, other CIS countries set up checkpoints to restrict outflow of materials. The traditional inter-state economic ties were thus broken down, resulting in big economic slumps for all.

As every CIS nation pursued its own policies on economy, taxation and customs to protect itself, the proposed common economic space remained a fond dream.

Ukraine, the second most populous CIS member, led the movement to kill the plans for a united army and a single currency.

On January 3, 1992, Ukraine became the first CIS member to announce the creation of its own armed forces out of the former Soviet troops stationed on its territory. Moldova, Azerbaijan and some other CIS members soon followed suit.

Russia, which professed a united army most, also declared on March 16 that it would build up its own forces.

Today, the about four million former Soviet troops have been divided up among the CIS members and become their own forces, leaving the united army existing only on the blueprint.

To counter Russia's price liberalization and release of too many bank notes, Ukraine issued coupons on January 10 which have currency functions. Currently, CIS

members like Armenia and Turkmenistan are also preparing to issue their own currencies.

The second major feature was that the CIS was severely hit by frequent armed clashes.

The ethnic armed conflicts in Nagorno-Karabakh, Dnester River region and other member republics not only destabilized the situations in the countries concerned but also undermined inter-state relations.

The third salient feature in the CIS last year was social turmoils and government instability in some of its members.

Popular elected presidents of Georgia, Azerbaijan and Tajikistan were ousted by opposition forces. Both Russia and Ukraine took on new prime ministers. Russian President Boris Yeltsin was at odds with the parliament.

As the CIS was the product of the centrifugal tendencies of the former Soviet republics, they were at first much more interested in acting as independent nations than pulling together as a collective.

Over the last year their leaders were seen hustling around the Western world seeking massive economic aid and political support. However, credits and loans were coming to them too slowly and from the second half of last year, they began to try to strengthen intra-CIS bilateral ties as well.

Russia and Ukraine shelved up their disputes on the Black Sea naval fleet and Crimea and proceeded to seek a re-establishment of normal economic relations. The several hundred years old links among the CIS members are a cohesive factor that just cannot be ignored.

Observers here believe that in the foreseen future, the CIS will neither fall apart nor pull together. The most possible thing is the establishment of some workable mechanisms that would harmonize mutual relations.

Russia Briefs CIS Nuclear States on Treaty

OW0401015793 Beijing XINHUA in English 0149
GMT 4 Jan 93

[Text] Moscow, January 3 (XINHUA)—Russian Foreign Minister Andrey Kozyrev sent personal letters today to the foreign ministers of Ukraine, Belarus and Kazakhstan, notifying them of the essential provisions of the START II Treaty.

The foreign minister indicated that Russia's position is deliberate and measured, and it in no way overlooks the fundamental interests of the other three CIS nuclear states.

Kozyrev said he had had several telephone conversations with Ukrainian Foreign Minister Anatoliy Zlenko recently, and the latter gave his support to the START II Treaty.

Meanwhile, the foreign minister pointed out that strictly speaking, the treaty has nothing to do with Ukraine, Belarus and Kazakhstan.

Kozyrev expressed his disappointment over the fact that the parliaments of Ukraine and some other CIS states have yet to approve the START I Treaty.

Northeast Asia

PRC Names Vice Foreign Minister Envoy to Japan

OW3112033092 Tokyo KYODO in English 0302 GMT 31 Dec 92

[Text] Beijing, Dec. 31 KYODO—The Chinese Government has decided to appoint Foreign Vice Minister Xu Dunxin ambassador to Japan, replacing Yang Zhenya, sources said Thursday [31 Dec].

The sources said the government is expected to announce his appointment early next year.

Xu, 58, is known as the leading expert on Asia, especially Japan, in the Foreign Ministry.

He was a senior official at the Chinese Embassy in Japan from 1985 to 1988 and has also served as director of the Foreign Ministry's Japan Division and chief of the Asia Bureau.

Xu is said to have played a key role in forming China's recent diplomatic policies toward Asia, such as the visit to China by Japan's Emperor Akihito in October and the normalization of diplomatic ties with South Korea in August, they said.

His wife Wang Yueqin is in charge of Japan affairs at the Ministry's Press Bureau.

Yang has been ambassador to Japan since 1988.

Group Inspects Japanese-Sponsored Projects

OW0301061293 Beijing XINHUA Domestic Service in Chinese 0836 GMT 22 Dec 92

[By reporter Cong Yaping (0654 0068 1627)]

[Text] Beijing, 22 Dec (XINHUA)—An inspection group on Japanese-Chinese economic cooperation projects, which was formed recently by the Japanese Embassy in China, the Overseas Economic Cooperation Fund [OECF], the Japanese International Cooperation Agency [JICA], officials from relevant Chinese Government departments, and journalists, has inspected and studied key projects constructed with low-interest loans and gratis economic aid from Japan.

During recent years, one of the Japanese Government's major forms of aiding Chinese economic construction has been to provide China with low-interest loans through Japan's OECF. In addition to interest rates

ranging from between 2.5 to 3.5 percent, the loan conditions have been quite favorable, including a 30-year redemption period and a grace period of 10 years. Moreover, the loans do not have strings attached that require the exclusive purchase of only Japanese products and equipment. Since 1980, the OECF has provided China with a total of 1,260.3 billion yen in low-interest loans to help the country develop its capital construction in railways, harbors, highways, airports, communications, electricity, gas, and water supplies. The low-interest loans have increased every year, from 97.2 billion yen in 1989, 122.5 billion yen in 1990, and 129.6 billion yen in 1991, to 137.3 billion yen in 1992, making China Japan's second largest partner for economic cooperation. According to an official of the Ministry of Foreign Economic Relations and Trade Foreign Loans Department, more than half the current low-interest loans from foreign countries to China are provided by Japan.

Another form of Japanese Government aid to China is the offering of gratis economic aid through Japan's JICA. This includes providing professional equipment, sending experts to China to give guidance, accepting Chinese graduate students, carrying out special technical cooperation projects, and giving China free economic aid. With a total of 42.3 billion yen in free economic aid provided by the JICA from 1979 to 1991, China was placed third among those countries receiving aid from the organization.

The group recently inspected the China Disabled Persons' Rehabilitation Center, the Shanghai Sixth People's Hospital, the Shanghai Aquatic Products Processing and Development Center, and the Shanghai Symphony Orchestra, which were set up with JICA aid to purchase equipment and with the guidance of JICA-dispatched experts. The group also inspected projects constructed through the OECF's low-interest loans: the Beijing Ninth Waterworks' supply project, the Baoshan Steel Company's self-generating power station and enlarged pier, Xiuying Harbor in Hainan, and the Sanya Expressway. After a week-long inspection, both Japanese and Chinese sides expressed satisfaction with the progress of the projects they had inspected; and the sponsors of all the projects also expressed their wishes for further expanding economic cooperation between Japan and China.

Southeast Asia & Pacific

Vietnamese Foreign Minister Cited on Ties

OW0101091893 Beijing XINHUA in English 0854 GMT 1 Jan 93

[Text] Hanoi, January 1 (XINHUA)—Better Vietnamese-Chinese relations conform with the wishes of the peoples of the two countries and the interest of world peace and stability, Vietnamese Foreign Minister Nguyen Manh Cam has said.

Today's NHAN DAN newspaper quoted Nguyen as saying that Chinese Premier Li peng's recent visit to Vietnam, the first official visit in 21 years by a Chinese premier, marked a new development in the bilateral relationship. 12 agreements were signed during Li's visit covering the fields of culture, economy and trade.

Referring to the problems that still exist, Nguyen said the two sides will resolve them through negotiations without resorting to force or threat of force.

SRV Official Sees Joint Venture Potential

OW 3112142992 Beijing XINHUA in English 1347
GMT 31 Dec 92

[Text] Hanoi, December 31 (XINHUA)— China has great potential in building joint ventures in Vietnam, particularly in light industry, production of consumer goods and coal and iron production, a top Vietnamese official told XINHUA today.

Daung Oc Xuan, director of the Vietnamese State Cooperation and Investment Committee, made his comment at a press conference marking the fifth anniversary of Vietnam's declaration of the Law on Foreign Investment.

He said China, which has already invested in 10 projects in Vietnam, can also make investment in other fields.

He promised that Vietnam will continue to strive for more foreign investment.

So far, Vietnam has approved 555 foreign projects with a total investment of 4.627 billion U.S. dollars.

Lao Attache Discusses 1992 Activities, PRC Ties

BA0301121793 Beijing China Radio International in
Lao 1230 GMT 30 Dec 92

[Station interview with Comrade Khamla Keophithoun, economic and trade attache of the Lao Embassy in Beijing, recorded—place and date not given]

[Text] [Correspondent] Greetings, comrade

[Khamla Keophithoun] Greetings

[Correspondent] As the new year 1993 is approaching, I must first thank you, comrade, for giving us your precious time for this interview. Today, I want you to tell us about Laos' reform and open-door policy as well as its relevant successes in 1992.

[Khamla] We are about to welcome 1993 in the next few days. For the year 1992, we saw changes in different countries around the world. We, in the Lao People's Democratic Republic [LPDR], have ushered in a new historic era. In the past year, our president and party paid a visit to the PRC. The Vietnamese paramount leader and the crown prince of the Kingdom of Thailand also visited Laos in 1992. Our president attended the Nonaligned Movement summit meeting. The LPDR

prime minister visited Malaysia. Laos sent delegations to attend the ASEAN meeting and engaged in all kinds of activities in many countries, thus further contributing to peace, stability, and regional cooperation in the international environment. The election of the third National Assembly was held following the cremation of late President Kaysone Phomvihane. We elected the new president of our party and country to carry on the restructuring and to further cooperate with countries in the region and the world. Despite numerous difficulties against the LPDR, with the strong determination and internal unity under the prudent leadership of the Lao People's Revolutionary Party, we have registered many successes and victories for our national defense and construction and restructuring work. The structure of our national economy is based on agriculture and forestry, with industry and services being made more significant. This is what has happened in Lao society.

For 1992, rice production is expected to reach 1.4 million tons, three times higher than in 1975. The acreage of dry-season paddy cultivation will increase to 15,000 hectares. The export animal husbandry industry is worth \$15 million. Following the logging ban, forestry work has been improved, resulting in a better environment. At the same time, forest management and protection are more effective. We have also registered successes in many aspects in electricity production for export and in the development of communications and transportation. As for large-scale construction projects, the construction of a bridge across the Mekong River between Laos and Thailand and of three ports in Laos is making progress. The construction and the work on transportation and postal facilities have expanded by four times compared to 1975. Tax collection and other works are gradually improving. Economic relations with foreign countries have been expanded. Entrepreneurs from 25 countries have invested \$392 million in 232 projects. Foreign investment is increasing in many towns nationwide. Trade and tourism are also expanding every day. There are over 300 import and export companies in the country. Our foreign trade still faces a deficit, as we import more than we export. However, 120,000 tourists came to Laos in 1992. The production of goods is being reorganized and expanded in the rural areas. The value of our kip currency is stable (words indistinct) of 12 percent. The per capita income has increased by 40 percent. The people's living conditions have been improved gradually. National economic growth at present is 4 percent per year. Educational, cultural, and social works have also been developed.

An important success is the promulgation of the first constitution of the LPDR and over 20 other laws. This signifies the stability of the LPDR's policy system. We had elections for the third National Assembly, the legislative body that supervises the enforcement of the constitution and laws and guarantees genuine democracy for the people.

As for foreign policy in 1992, our party and government sent delegations to many countries. For example, the

LPDR also attended the ASEAN meeting as an observer and actively participated in the Nonaligned Movement summit meeting in Indonesia. These are the successes and great victories gained by the LPDR in 1992.

Like other underdeveloped nations, the LPDR's agricultural development has been rather slow and inconsistent. The contribution of our industry and services to the country's natural agriculture-based economy is only 17-23 percent. Our trade deficit is high because exports exceed imports. To alleviate this, the LPDR must make more efforts to restructure all spheres of work so as to achieve continuous economic growth.

[Correspondent] In 1993, what are the major plans and measures the Lao Government will take to further implement its reform and open-door policy?

[Khamla] In 1993, in compliance with the party's and the government's restructuring policy, the LPDR organizations engaging in different businesses will be able to further enhance Lao-Chinese ties in various fields on the basis of mutual interests at present and in the long run. These organizations are ones that require cooperation with the PRC. With their understanding of the changes in Laos and the problems of the economy, export-oriented goods production, and the improvement of economic apparatuses aimed at increasing national revenue, they will be able to enhance these ties.

[Correspondent] Would you please review the economic and trade cooperation between China and Laos in 1992? What measures will be applied to promote economic and trade relations between the two countries in 1993?

[Khamla] Lao-Chinese relations are growing every day in many areas and have a bright future. I reaffirm that following the visit to PRC of the president of our party and country and the signing of the friendship border agreement, Lao-Chinese relations have been deepened. The two countries and their business enterprises exchanged visits by delegations at central and local levels. The total value of trade between the two countries is worth \$30 million, one-sixth of which comes from border trade. Tourists from the PRC visited the LPDR. PRC businessmen won bids for construction projects worth \$45 million and are involved in 13 investment projects worth \$19 million in Laos. Over 30 PRC companies dispatched approximately 200 personnel for study tour in Laos. Moreover, the PRC also provided considerable loans and gratis aid to Laos. These are the fruits of relations and cooperation between the PRC and Laos in 1992.

PRC organizations and experts with their knowledge of the LPDR economy will continue to make relations and cooperations in various areas more fruitful for the two countries' interests both at present and in the long run.

[Correspondent] I once again thank you, comrade, for allowing us to interview you. For the new year, we wish you good luck and that economic and trade cooperation between our countries will grow. Thank you.

[Khamla] Thank you. I wish Beijing China Radio International success in the new year so that it can help to further promote and support the Lao-Chinese cooperation. Thank you.

Near East & South Asia

Li Peng Sends Letter to 'Arafat on Deportations

OW0401110093 Beijing XINHUA Domestic Service in Chinese 0943 GMT 4 Jan 93

[Text] Beijing, 4 Jan (XINHUA)—A staff reporter at this news agency today learned from the Foreign Ministry of a letter recently sent by State Council Premier Li Peng in response to one from 'Arafat, president of the state of Palestine, regarding Israel's expulsion of Palestinians.

In his letter, Li Peng said: "Israel's expulsion of Palestinians from the occupied territories violates international law and the relevant UN resolution. It has deepened the Palestinian people's sufferings, escalated tension in the region, created new obstacles in the Middle East peace process, and incurred denunciations from the international community. China is deeply concerned and worried about this. It voted in the UN Security Council in favor of Resolution No. 799 denouncing Israel's deportation action. Meanwhile, a spokesman from our Foreign Ministry issued a statement saying that Israel's action had violated the norms of international law, and he urged Israel to immediately halt its deportation action and allow the Palestinian deportees to return home. We believe that the UN Security Council resolution in question should be implemented earnestly, and that the deportees should be allowed to return home as soon as possible. We will continue to work for this."

'Arafat wrote to Li Peng on 18 December 1992.

PLA Chief, Iranian Guards Head Meet in Beijing

OW0401091393 Beijing XINHUA in English 0846 GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—Lieutenant General Zhang Wannian, chief of General Staff of the Chinese People's Liberation Army (PLA), held talks with Major General Mohsen Reza'i, commander of the Islamic Revolution Guards Corps of Iran, here today.

They exchanged views on relations between the two armed forces and other issues of common concern.

Rezaie and his party arrived here earlier today. Before the talks, Zhang presided over a ceremony for the Iranian visitors.

Zhang is scheduled to host a dinner in honor of Reza'i and his party at the Great Hall of the People this evening.

Tian Jiyun Receives Visiting Indian Minister

OW0401130193 Beijing XINHUA in English 1244
GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—Chinese Vice-Premier Tian Jiyun met with P. J. Kurien, Indian minister of state for commerce, and his party here this afternoon.

Earlier today, Li Lanqing, Chinese minister of foreign economic relations and trade, and Kurien jointly presided over the fourth meeting of the Sino-Indian Joint Economic and Trade Group.

During the meeting, both sides briefed each other on economic and trade situation of their respective countries. They also exchanged views on economic and trade relations between the two countries.

The visitors arrived here Sunday as guests of Li Lanqing.

Minister Attends Economic Talks

BK0401163393 Delhi All India Radio Network in
English 1530 GMT 4 Jan 93

[Text] The fourth session of the Indo-China joint group on economic cooperation and technology began in Beijing today with both sides emphasizing the vast scope for increasing bilateral trade and economic cooperation. Speaking at the preliminary session, the minister of state for commerce, Professor P.J. Kurien, said there is a tremendous scope for increasing the trade relations between the two countries. The Chinese minister of foreign economic relations and trade, Mr. Li Lanqing, who is also the cochairman of the joint group, said India is now a very important trade partner in Beijing's new trade plans. Prof. Kurien also called on the Chinese vice premier, Mr. Tian Jiyun.

Departing Envoy to Bangladesh Visits President

OW3112143192 Beijing XINHUA in English 1353
GMT 31 Dec 92

[Text] Dhaka, December 31 (XINHUA)—Bangladesh President Abdur Rahman Biswas said today that the existing friendly relations between Bangladesh and China are excellent and hoped that bonds of friendship would be cemented further.

The president made the remarks when the outgoing ambassador of China, Chen Songlu, made farewell call on him at the presidential palace this afternoon, Chinese Embassy sources said.

China's cooperation in building Bangladesh's infrastructure including bridges are the symbol of fraternity between the two nations, Biswas said, adding that he hoped this cooperation would continue for the mutual benefit of both the two peoples.

The outgoing Chinese envoy said his country would continue to cooperate with Bangladesh in all fields of its

development, and China would undertake joint venture industrial projects and take greater quantity of urea fertilizer from Bangladesh to bring about balance in trade with it.

West Europe

Article Sees Anti-British Sentiment in CPC

HK0201081593 Hong Kong CHENG MING in Chinese
No 183, 1 Jan 93 pp 9-11

[Article by staff reporters Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "Hawks Within the CPC Are Swollen With Anti-British Sentiments"]

[Text] The British Policy of the "Hawks" and the "Doves" at High Levels of the CPC Leadership

There is currently a "cold war" between China and Britain, and there is also a "cold war" among the CPC's top leaders on China's policy toward Britain.

Deng Xiaoping has denied that the CPC has committed any "rightist" mistakes in handling Sino-British relations. Recently—on 10 December—at a forum of new cadres who had just completed their courses in the CPC's Central Party School, Qiao Shi also refuted some criticisms from both inside and outside the party on the weakness and "rightist" mistakes of the central authorities in handling the Hong Kong issue.

What Deng Xiaoping and Qiao Shi said was a message to the outside: There are differences within the CPC in handling the Hong Kong issue.

Some believe that the relevant departments are too weak toward Britain and criticize this tendency.

Some categorically deny the remarks on weakness and rightist mistakes.

Who made the remarks on weakness and rightist mistakes then?

Recently, when the State Council was discussing development trends in Hong Kong, Ji Pengfei said: When we examine the issue, we find that, although we have maintained certain vigilance and have taken certain precautions against the British Government, we still have committed rightist mistakes in our thinking and have made compromises and concessions on too many occasions, showing too much consideration for the British side.

Of course, it was not Ji Pengfei alone who had made such criticism (or self-criticism); there were surely persons of higher authority behind him. It has been said that some members of the National People's Congress [NPC] Standing Committee had also made the same remarks on "weakness."

Was there "weakness" and "rightist mistakes" in China's Britain policy and in handling the Hong Kong

issue? Whatever happened, what people could see was that the CPC was basically polite toward Britain in the past, except for the "incident of whether to follow the booklet." [Mao-era term used in this case to refer to the Joint Declaration and the Basic Law] On many issues concerning Hong Kong, China and Britain appeared to be able to consult each other and even achieve mutual understanding and accommodation. Even when there were greater contradictions, both sides were reluctant to make them known to the public. In short, there were very few blustering and truculent "struggles against the enemy" on the part of the CPC. Were these expressions of "making compromises and concessions on too many occasions," "showing too much consideration," and other "rightist mistakes" mentioned by Ji Pengfei and others?

If we liken those who take a comparatively milder attitude and policy toward Britain to the "doves," then those who are now criticizing the mild policy and advocating a turn of 180 degrees or 100 degrees and a tough policy toward Britain should be considered the "hawks."

Liu Huaqing Advocates Using Military Means To Resolve the Hong Kong Issue

Recently, as Deng Xiaoping has begun to look like a hawk and has given Britain an angry stare, a hawkish criticism of Britain has appeared. Those who originally belonged to the category of hawks have become more arrogant and aggressive, and those who were originally in the category of doves have either become as silent as a cicada in cold weather and kept quiet out of fear or have followed the hawks to make some hawkish remarks.

The attitude of the military is attracting the people's attention, and some generals are playing the part of hawks. It has been said that Liu Huaqing, Zhang Zhen, Chi Haotian, and some veteran generals have criticized the central authorities' "weakness" and "rightist mistakes" on Hong Kong. Both military and nonmilitary hawks are united in their criticism of the "rightist" trend, hence the "cold war" situation among the top-level CPC leaders. This pressure has forced Deng Xiaoping and others to declare where they stand. While denying the "weakness" and "rightist mistakes," they have made some hawkish and aggressive remarks against Britain.

Liu Huaqing is now an important person—not only in the party and the government but also in military circles. He is a member of the Political Bureau Standing Committee and vice president of the Central Military Commission. Discussing the Hong Kong issue during an inspection of the National Defense University, he said: "The development of the situation in Hong Kong entirely represents a political gamble on the part of the British Government and a challenge to force us to show our cards." Then, in the same tone of warning used for Taiwan, he warned Britain: "As we have warned the Taiwan authorities, if they advocate Taiwan independence or 'one China, one Taiwan,' we will resort to force

to safeguard national reunification. Likewise, if Britain wants to use the international card to make Hong Kong independent, semi-independent, or an independent international city in a disguised form, we will immediately use military means to resolve the issue. Britain should clearly understand this stand; we will never hesitate in this regard. There is nothing more important and more valuable than state sovereignty, and we are ready to pay a higher cost for it."

What is the meaning of "semi-independence"? What is the meaning of "independent international city"? Neither Liu Huaqing nor the other major CPC officials have made this clear. In fact, they have reserved the right of interpretation. Once they think they are unable to make Britain yield by a rough and threatening offensive (verbal attacks), they will choose among the following: To change tactics or to "resort to force"—implementing the "use of military means to resolve the issue" as Liu Huaqing said.

It was also revealed that some other people in the military also advocate taking over Hong Kong before 1997. On 7 December, a State Council bulletin carried excerpts of a letter to the central government from an Army "division" demanding that Hong Kong be taken over before 1997.

Qiao Shi Says Britain Wants To Make Hong Kong Suffer Economic Difficulties and Be Politically Out of Control After 1997

Qiao Shi, an important person in power, has also made some important remarks which merit attention. The following are excerpts of his speech on the Hong Kong issue, which was made on 10 December at the forum of the new cadres who had just completed their courses in the CPC's Central Party School:

The current dispute is by no means a political attempt made by Chris Patten individually as a politician, but is an attempt of the British authorities, based on a certain judgment, to use the current international climate and the last 55 months of colonial rule to evoke political and economic disputes against us. This is a premeditated and well-prepared political scheme which cannot be avoided. The British authorities first played the "popular will card" and the "democracy card," and recently they have been frequently playing their last card: the "international card," trying to test our determination and policy. They have fostered and used anti-China politicians, political organizations, and reactionary forces established in order to achieve the purpose of politically making the government of the special administrative region unable to carry out its administration and management functions and making it shoulder heavy economic loads in 1997 so that the British colonial rulers can continue to influence Hong Kong.

If Britain Goes Farther Away, the Chinese Side Will Discard the Joint Declaration

The central authorities' stand is absolute and will never change. On issues of principle, we have repeatedly told

the British authorities that we will not yield even an inch or take a step back; we will not accept compromise proposals and allow outsiders to meddle. If the British authorities continue to run counter to the Sino-British Joint Declaration and in fact move farther away from it, there will be no obligations or duties that we must unilaterally implement, including observing the Joint Declaration. This is common international practice. In that case, we will be able to ask the British colonialists to go back.

In these remarks, Qiao Shi emphasized the following two: First, he said Britain was playing this and that card with the general purpose of making the future government of the Hong Kong Special Administrative Region face a situation of being out of control in political affairs while suffering economic difficulties. Second, he expressed the CPC's firm stand of refusing to yield an inch; in other words, if the British side does not submit and adheres to its tough stand, the CPC will possibly not carry out the Joint Declaration unilaterally and will ask the British to go home. The main points of Qiao Shi's speech have been conveyed to the lower levels. It was said that the Hong Kong and Macao Affairs Office also passed them to the Hong Kong side on 5 December, saying that the current challenge is a main point of the new strategy against China pursued by Great Britain, which is following the United States, and that China, which has been driven into a corner, has no choice but to follow through to the finish without any possibility of concession or compromise. China has to win this political battle and reduce its economic losses as far as possible. Moreover, it also says that the "leftist papers" can release news items in a form of remarks made by "top central leaders."

Wu Xueqian Says "This Dispute Should Be Continued"

During the first 10 days of December, Wu Xueqian, vice premier of the State Council in charge of Hong Kong and Macao affairs, spoke at a Hong Kong and Macao Affairs Office meeting. Using the same hawkish language, he explained that China's stand is consistent. If Britain does not yield, "this dispute should be continued."

The following are excerpts of Wu Xueqian's speech:

With a strong backing behind the scenes, Britain has given a political challenge to our sovereignty and administrative power during Hong Kong's transitional period, attempting to split up people of various social strata in Hong Kong and instigate some extreme-rightist and pro-Britain factions, who made their first fortune from opposing China, to sing the same tune. It has played the "democracy card," the "popular will card," the "economy card," and the "international card" in order to create disturbances in Hong Kong and split up the people there, so that it can achieve the goal of continuing to dominate Hong Kong after 1997. In essence, the current issue is not a dispute over democracy or a mere dispute over Chris Patten's constitutional package, but a challenge to us made by the British Government with the

aid of foreign forces. How can we tolerate and give in any more? Our response is very clear. We have told Britain, as well as the hegemonists who cherish certain political motives toward Hong Kong: "This is a blind alley. We have no choice but to accept the challenge."

We must prepare ourselves for both eventualities. We must be ready to deal with the worst possible scenarios. There will probably be five worst-case situations:

Britain Attempts To Draw In the United States To Challenge the Chinese Side

1. Britain draws in the United States to challenge us by playing the international card;
2. Britain continues to oppose convergence and continues the confrontation, neglecting the Sino-British Joint Declaration, the understandings and agreements reached between the two governments, and the Basic Law;
3. Britain uses the current administration's power and the extreme-rightist and pro-Britain elements and politicians to start an anti-China tide and to demand separation from the jurisdiction of the central authorities and the NPC Standing Committee and make Hong Kong independent or semi-independent in a disguised form;
4. Britain plays the democracy card and practices "referendum," "a high degree of autonomy," and "semi-independence";
5. Britain creates certain excuses to destroy Hong Kong's monetary, trade, communications, and transportation businesses and make use of the opportunity to obtain more resources and benefits from Hong Kong.

There are some "new meanings" in these remarks of Wu Xueqian:

First, by attacking Britain and having the United States "involved," he has also abused the United States.

Second, he accused Britain of attempting to make Hong Kong separate from the jurisdiction of the central authorities and the NPC and practicing independence or semi-independence in Hong Kong.

Third, he regards a referendum and a high degree of autonomy as confrontation.

Fourth, he accused Britain of attempting to destroy Hong Kong's economy in order to obtain more economic benefits.

These "new meanings" are exactly the same as the illogical ways of thinking and the type of language used on the mainland during the cultural revolution, which are characterized by unlimited exaggeration. There is only this kind of rubbish in the treasure-house of hawkish ideas and languages.

Wu Xueqian only mentioned five worst-case situations without mentioning the methods and measures the CPC

will use to deal with them. Wen Jiabao made some "supplementary remarks" in this respect.

Wen Jiabao Says the Central Authorities Are Prepared for Possible Turbulence in Hong Kong

Wen Jiabao also joined the hawkish chorus. On 2 December, a meeting of cadres of the central authorities and State Council at and above the section and bureau chief level was held in the auditorium of the CPC central organs. Wen Jiabao, member of the Secretariat and director of the CPC Central Committee General Office, said at the meeting: This dispute is unavoidable. We are currently faced with a struggle to safeguard our national dignity and territory.

Some participants "could not understand" why he said it is a "struggle to safeguard national territory"; nor could they understand the following remarks: "The central authorities are prepared against possible major turbulence in Hong Kong and are ready to take political, economic, and security measures to deal with such turbulence." Some asked: Does "security measures" mean that, once turbulence occurs, the People's Liberation Army [PLA] will be sent to Hong Kong?

A Preparatory Committee of the Government of the Hong Kong Special Administrative Region [HKSAR] Will Be Established One Year Later

Amid the clamor of the hawks, the relevant high-level leading CPC authorities have taken certain actions.

—On 2 December, they instructed the Chinese establishments in Hong Kong to suspend the buying of shares in Hong Kong's stock market.

—At the end of November, the under the State Council Hong Kong and Macao Policy Research Office Hong Kong Economy Research Group completed a report on Hong Kong's new airport. It points out that the actual construction cost of the new airport is 25-35 percent lower than the British Hong Kong Government's estimate. Obviously, the British Hong Kong Government is trying to consume the Hong Kong Government's accumulations. The main facilities of the new airport, the means of communication and transport, the replacement and repair business in the future, and some patent rights will bring an income of \$300 million [currency not specified] to Britain every year. In the construction of the new airport, Britain will earn \$5-5.5 billion. The report thus believes that if the British Hong Kong Government insists on the current policy, the Chinese side should announce: In view of the construction cost and the actual economic returns of the airport, the Chinese side must withdraw from participating in the new airport plan.

—The State Council decides in principle to establish in advance a preparatory committee for the HKSAR government one year later.

—The work group of the preparatory committee for the HKSAR Government will commence working on the eve or after the convention of the Eighth NPC.

—In principle, the committee or work group in charge of examining contracts spanning 1997 will commence working after February.

—Establishment of organizations such as the "leading group for handling affairs when Hong Kong is in a critical situation" is now under study.

Many People Do Not Agree To Turn Hong Kong Into a Battlefield for Attacking Britain and Opposing Capitalism

Although there are echoes of the hawkish clamor in Zhongnanhai beyond the red wall—such as the letter from a "certain division" of the Army described in the State Council's 7 December briefing and some excerpts of letters from nonparty individuals and political groups as well as from the Chinese People's Political Consultative Conference Hebei Provincial Committee and the Beijing Municipal Federation of Trade Unions demanding that Hong Kong be taken over ahead of schedule—there have only been responses from a small number of people. Investigation in various fields has shown that ordinary people, including many cadres, do not understand or oppose the struggle the top CPC leaders have launched against Britain. They are reluctant to see a peaceful Hong Kong turned into a battlefield for attacking Britain and opposing capitalism, and they are even more reluctant to see the newly emerged democracy in Hong Kong strangled in its cradle.

Generals Demand Moves To Combat UK Colonialism

HK0201090093 Hong Kong CHENG MING in Chinese No 183. 1 Jan 93 pp 12-13

[Article by staff reporters Lo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079)]

[Text] Twelve Generals Have Submitted a Letter to Central Authorities Calling For Taking Resolute Measures Against Britain

Was it an opera of a war of nerves deliberately arranged and directed? Or was it a spectacular move derived from a tradition of nationalist sentiment and hawkish thinking? In early December, 12 generals submitted a letter to Jiang Zemin, Li Peng, Wan Li, and Liu Huaqing calling for taking a solemn, just, resolute, and firm stand and the appropriate measures against British colonialism. The letter said: We must never tolerate British colonialism's continued juggling of the popular will, economic, and international cards in Hong Kong. The 12 generals who submitted the letter are: Wang Ping, Yang Dezhi, Xiao Ke, Zhang Aiping, Chen Xilian, Hong Xuezhai, Qin Jiwei, Seypidin, Wang Enmao, Ye Fei, Xu Xin, and Song Renqiong.

The Five Points of Opinion Stress No Compromise

They set forth five points in the letter:

1. Regarding British political conspiracy and their use of the international card to pose a political and economic challenge to us, we must make no compromise and retaliate against them in a concrete manner.
2. Regarding the British authorities' unilateral violation of the Sino-British Joint Declaration and the repudiation of the understanding and agreement reached between the two countries, we must take the commensurate stand and measures and cannot appease them.
3. We must never take a compromising stand and whet the political ambitions of declining British imperialism and colonialism.
4. We must launch political and patriotic education within the whole party, the whole army, and the whole people on the never-ending attempts of imperial and colonial aggression against and intervention in China.
5. The central authorities should take resolute actions to exercise its sovereignty and ruling authority over Hong Kong if the British authorities keep violating the Sino-British Joint Declaration, breaking their promises, engaging in an international conspiracy, instigating pro-British and anti-Chinese ultra-right forces to destabilize Hong Kong, and colluding with foreign forces to meddle in Hong Kong's affairs.

Does the Warning to Britain From the Barrel of Gun Have a Stronger Flavor of Gunpowder?

As a matter of fact, these five points were hardly new and surprising. Similar remarks had been made by Jiang Zemin and Qiao Shi, as well as by Liu Huaqing when the latter inspected the National Defense University (Editor's note: please refer to the article entitled "Hawks Inside the CPC are Swollen With Anti-British Sentiment"). Since it was a "duplicate tape," it aroused people's suspicion: Was it an attempt to create news—using the barrel of a gun to warn Britain! Under certain presuppositions, words such as "the central authorities should take resolute actions to exercise its sovereignty and ruling authority" mean sending troops to Hong Kong. Was it the case that these words would carry greater weight, become more explosive, and have a stronger flavor of gunpowder after the veteran generals repeated what the general secretary had said?

However, the veteran generals' action was only the first act of the opera, and there was a second act.

The second act of the opera was largely sung by Jiang Zemin, and Liu Huaqing also joined in the fun.

Jiang Zemin: We Can Resist Political, Economic, and Military Challenges

The remarks Jiang Zemin made when meeting the 12 veteran generals who had sent the letter were published

in the CPC Central Committee General Office's bulletin on 17 December. The headline was "Jiang Zemin Briefed the Generals."

The meeting was held on 15 December.

The venue was Xishan, Beijing.

Li Peng, Qiao Shi, and Liu Huaqing were also present.

The general secretary placated the 12 generals and made a pledge to them.

Here are the excerpts from Jiang Zemin's remarks published in the CPC Central Committee General Office's document:

You, fellow generals, can rest assured that the central authorities will never back down in this political struggle of upholding our sovereignty and vindicating our national honor. A corresponding international background did exist when the British authorities brazenly violated the Joint Declaration, repudiated the understanding and agreement written in black and white between both governments, and flagrantly interfered time and again in the Basic Law—which is purely an internal affair of China. This is a political and economic challenge deliberately set by the British Government, and they are applying the traditional practices of the colonial empire to China and Hong Kong in the 1990's. The central authorities are soberly aware of the nature of this struggle and the political attempt behind the scenes.

On behalf of the CPC Central Committee, the State Council, and the CPC Central Military Commission, I would like to inform you, fellow generals, and to make our stand clear that we will never back up a step and yield an inch, and we will never make any compromise. The time when China was bullied by foreign countries is gone forever, and history will never repeat itself. We can certainly resist all kinds of foreign intervention and challenges, be they political, economic, moral, or military, and the central authorities will not hesitate to pay the price that we should pay.

"Jiang Zemin Turns Back the Clock Several Decades"

This was the first time that the astounding word "military" was seen in a senior CPC leader's anti-British remarks. Some of the persons who had read the CPC Central Committee General Office's document said: Will Britain "engage in military intervention and pose a military challenge? Impossible!" Moreover, a cadre sarcastically said: "General Secretary Jiang has turned back the clock several decades!"

Liu Huaqing: We Must Never Tolerate Hegemonic Intervention

Another high-ranking official also spoke on the "military" option. He is Liu Huaqing, the military leader currently in power. He said when meeting the 12 generals: The letter submitted to the central authorities by you, fellow veteran generals, has made our stand firmer.

The central authorities fully concur with your stand. No matter what kind of changes are taking place in the international community, the Chinese people will never tolerate imperialist and hegemonic intervention in and challenge to our national sovereignty and internal affairs, and we will not hesitate in the least to meet foreign political, economic, and military challenges.

Of course, the "foreign challenges" mentioned by Liu Huaqing did not merely refer to British "imperialism," but also include U.S. "hegemonism." An Army cadre expressed his opinion in private after listening to Liu Huaqing's remarks: "We will not attack unless we are attacked." Now, it seems that our senior leaders are eager to "attack even though we are not attacked." It does have some hegemonic overtones, does it not?

Twenty-Six Leading Cadres of Military Regions, Group Armies Call for Shattering British "Conspiracy"

Twenty-six leading cadres from military regions and group armies, who are junior to Liu Huaqing and the veteran generals, also wrote a letter to Jiang Zemin, Li Peng, and Liu Huaqing urging the central authorities to take firm and concrete measures to shatter the British colonialists' and hegemonists' political conspiracy in Hong Kong.

During this war of words, the CPC has never used the word "conspiracy"—which has always been used to attack enemies—but this word has finally come forth within the CPC.

Thirty-Eight National People's Congress [NPC] Standing Committee Members Have Said That China Was Weak in Its British Policy

In addition to Army hardliners, nonmilitary hardliners also exist. It was alleged that 38 incumbent NPC Standing Committee members wrote a letter to Jiang Zemin, Wan Li, and Li Peng, saying that China seemed weak in its British policy and urging the central authorities to take a tough and tit-for-tat stand. A family member of a NPC deputy said to himself: "Will there be some trimmers [as published] among the hardliners? Certainly."

Most of the 12 veteran generals were not considered part of the left. Have they now become the left?

The man replied in a well-thought-out manner: "The present situation is very complicated, and the hardliners and the left are not necessarily the same. Some hardliners are quite 'leftist,' but some are antileft. It is very easy for the left to be labelled as both the hardliners and the left."

Commentary on British 'Diplomatic Fraud'

HK3112145592 Hong Kong WEN WEI PO in Chinese
31 Dec 92 p 12

[*"Special commentary" by Cheng Han (4453 2498): "A Major Diplomatic Hoax Created By Britain"*]

[Text] Since Chris Patten presented his constitutional reform package, acted willfully, and forcibly peddled this constitutional reform package, the foundation for Sino-British cooperation has been destroyed. Hong Kong society is turbulent, the citizens are split, and share prices have plummeted time and again.... These evil consequences are obvious for all to see and there is no need to explain further. When considering the cause of these developments, many farsighted people discovered that a major diplomatic fraud created by Britain was concealed behind Chris Patten's constitutional reform package.

When the Basic Law was being drafted, the Chinese side, out of consideration for a steady transition, solicited the British side's opinions on some problems, although this matter falls into the category of China's internal affairs. Agreements between both sides and the commitments made by the British side were entered in the Basic Law, which was submitted to the National People's Congress for approval and promulgation after extensive consultations with the Hong Kong people and full discussions by the Basic Law Drafting Committee.

All these were fully proved by the seven diplomatic letters released by China and Britain on 28 October 1992.

On 6 February 1990, the British ambassador to China submitted three documents, and the third one raised five principles on the 1995 Election Committee and a proposal that the committee should be composed of four sectors of people. On 8 February, the Chinese side gave an explicit reply expressing its agreement with the five principles raised by the British side, but explained that the composition and percentage for the formation of the Election Committee should "comply with the composition and percentage provided by Article 2, Annex I, of the (draft) Basic Law." On 12 February, British Foreign Minister Douglas Hurd wrote a letter to Chinese Foreign Minister Qian Qichen confirming: "I agree in principle with the arrangements which you propose for an Electoral Committee, which could be established in 1995. The precise details of how this should be done can be discussed between our two sides in due course." In the meantime, Douglas Hurd also confirmed his understanding of 20 directly elected seats for the 1997 Legislature and promised that "the British Government will continue to recognize the advantage of continuity between arrangements before and after 1997." In addition, the British side explicitly indicated in an explanatory note attached to the above letter that there were no more obstacles to both sides' cooperation on the question of the Election Committee, thanks to the Chinese side's efforts in this respect.

Thus it can be seen that the British side had agreed to form the 1995 Election Committee in accordance with Annex I of the Basic Law, that the directly elected seats for the 1995 Legislative Council should be 20, and that the 1995 constitutional arrangements should be converged with 1997. In other words, both sides had reached

agreements and understandings on the 1995 constitutional arrangements through exchanges of these letters.

As the public still remembers, when the Basic Law was promulgated in April 1990, the British Foreign Office openly expressed high appreciation of the Basic Law and the Hong Kong Government also recommended the Basic Law and confirmed that it had "conducted detailed and confidential discussions with the Chinese authorities; these discussions resulted in the amendments of many provisions."

But as soon as the British side expressed these views and the black-and-white diplomatic agreements were signed, it took the opportunity of Chris Patten's assumption of Hong Kong governorship to break faith with China and go back on its word. They are well aware that the draft Basic Law has been revised according to agreements reached between both sides, and that the Basic Law cannot be revised after its formal promulgation, but they claim that there are no agreements between the two sides, deny their commitments on these problems, and approve Chris Patten's constitutional reform package, characterized by "three violations and one confrontation." Obviously, the British side is creating a big diplomatic fraud! A mere look at these letters will make one easily draw this conclusion.

Britain's diplomatic fraud has profaned the spirit of the Sino-British Joint Declaration on consultations and cooperation, has profaned the Chinese side's great sincerity and full confidence in the British side, has profaned genuine public opinion in Hong Kong, and has seriously damaged the national self-respect of the Chinese people. Therefore, the crux of the current dispute between China and Britain is absolutely not the question of democracy, but the question of whether or not commitments should be kept. If the British side does not abide by its commitments and does not thoroughly abandon Chris Patten's constitutional reform package, it

cannot have the trust of the Chinese side at all, and this may even stir up the national sentiment of the Chinese people.

Britain's diplomatic fraud has landed itself in an inhuman and unjust position. As parties involved in these solemn agreements, Mr. Douglas Hurd and other British officials have gone so far as to renege on their commitments and tell monstrous lies. We would like to ask: What diplomatic reputation can the dignified Great Britain enjoy in the international arena?

In this fraud created by Britain, Chris Patten has played the role of a vanguard and a pawn. The longer he persists in his wrong stance, the deeper he will get into the mire. Finally, he will be accused of being perfidious and having caused confusion in Hong Kong and disaster to the people, and will come to a tragic end in this diplomatic fraud created by Britain.

Greek Vice Foreign Minister Leaves Beijing

OW0101120993 Beijing XINHUA in English 1157
GMT 1 Jan 93

[Text] Beijing, January 1 (XINHUA)—Byron Polydoros, special envoy of the Greek prime minister and vice-foreign minister, left here this afternoon, ending his three-day China trip.

Polydoros and his party arrived here December 30, 1992.

On the day of his arrival, Chinese State Councillor and Foreign Minister Qian Qichen met with Polydoros. The two sides exchanged views on bilateral relations and international issues of common concern.

During his stay here, Vice-Foreign Minister Jiang Enzhu and He Zhenliang, chairman of the Chinese Olympic Committee and vice-minister in charge of the state physical culture and sports commission, also met with Polydoros and his party.

Political & Social

Daily's New Year Editorial Urges Unity

CM0401170293 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 1 Jan 93 pp 1, 2

[1 January editorial: "Courageously Forge Ahead in Unity—New Year's Message for 1993"]

[Text] On the occasion of New Year's Day, we would like to offer New Year's greetings to all party members, the entire Army, and people of all nationalities throughout the country. We also would like to extend warm regards and sincere wishes to workers in all trades and lines of work who have made contributions to socialist modernization.

The year 1992 has been a year of outstanding achievements for the Chinese people. For the first time in China's history, the gross national product surpassed 2 trillion [no monetary unit as published] last year, up 12 percent from the previous year. Industrial production grew rather rapidly, as economic efficiency took a gradual turn for the better. Agricultural production developed steadily. The domestic market was brisk, as total retail sales volume broke the trillion mark. In foreign trade, exports and imports grew significantly. The actual living standards of people in urban and rural areas continued to improve. This has laid a good foundation for a new stage of economic development in our country.

Comrade Deng Xiaoping's important talks in the early part of this year and the guidelines of the plenary session of the CPC Central Committee Political Bureau offered a definite and forceful reply—from a strategic and theoretical vantage point during a crucial moment of historical development—as to how China should develop socialism and how the party should continue along the path charted by the Third Plenary Session of the 11th CPC Central Committee. Inspired by Comrade Deng Xiaoping's talks and by the guidelines of the plenary session of the Political Bureau of the CPC Central Committee, all party members and people throughout the country have further emancipated their minds and embraced the propitious moment to accelerate reform, opening up, and modernization. A steady stream of new happenings has kept socialist China vibrant.

The CPC held its momentous 14th national congress this past year. The congress called for using Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to arm the entire party, expressed the resolve of all party members to steadfastly maintain the party's basic line for 100 years, and defined the establishment of a socialist market economy as the goal of our country's economic reform. It also elected a new party Central Committee with Comrade Jiang Zemin at the core, arranged all aspects of the party's work during the 1990's, and made the most important ideological, theoretical, and organizational preparations for China's historic development during the early 21st century.

Over the past year, China's reform and opening up have entered a new phase. The operating mechanisms of state-owned enterprises are in the process of transformation. The public at large is forming a consensus regarding the efforts to reform government organs and transform government functions. Efforts to cultivate and develop various types of markets have accelerated. Many aspects of the original, highly centralized economic system have undergone profound changes. Like a surging well, the inner vigor of the socialist system is gushing forth, as are the latent wisdom and strength of the people. China has opened to the outside world at all levels, through various channels, and in all directions, extending from the south to the north and from the coast to the hinterland. Some remote, secluded border regions have quickly become the forward positions for opening to the outside world.

The past year has witnessed political and social stability on the domestic front. People have wholeheartedly carried out construction. National defense; diplomacy; judicial, procuratorial, and public security work; cultural and educational programs; and party building have all been carried out around the central task. These have combined to produce a melodious symphony. Internationally, this has been the most historic period for us in terms of relations with our neighboring countries. Our country has achieved major gains in foreign-related work. For China, 1992 has indeed been an extraordinary year.

The Chinese people pride themselves on their achievements. We always maintain a forward-looking vision.

In 1993, we must continue to study, propagandize, and implement the guidelines of the 14th CPC National Congress by looking upon the task as a matter of the utmost importance; by reaching a common understanding of the 14th CPC National Congress guidelines; by arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; by upholding the party's basic line; and by truly turning the 14th CPC National Congress guidelines into the conscious action of the vast numbers of cadres and the masses, and into a powerful motive force pushing forward the drive to build socialism with Chinese characteristics in an all-around way. In 1993, to meet the needs of gradually establishing a socialist economic market system, we are going to accelerate reform and opening up in a better way, bring the total supply and demand in economic activity under strict control, strengthen macroeconomic regulation, and vigorously promote relatively rapid economic development along a course that aims to improve quality, optimize structure, and increase economic returns. In 1993, we are going to carry out administrative and institutional restructuring in a planned way, step by step; we are going to convene the First Session of the Eighth National People's Congress and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC], while all the provinces, autonomous regions, and municipalities will also convene sessions of their newly elected people's congresses and

CPPCC committees; and we are going to further promote reform of the political system as well as construction of socialist democratic politics. In 1993, we are also going to persist in doing two types of work at the same time and take a tough stand in handling them; we will continue to promote various tasks related to the building of the socialist spiritual civilization in accordance with the policy of "laying emphasis on the building"; we will further improve education in the party's basic line and in patriotism, collectivism, and socialism among all the people, especially the youth, in China; we will advocate the acquisition of correct ideals, beliefs, outlook on life, and values; and we will have the grass-roots units in both urban and rural areas carry out the building of the socialist spiritual civilization.

No sooner had the 14th CPC National Congress ended than Comrade Jiang Zemin pointed out: As all the important national policies, principles, objectives, and tasks have been clearly defined, the key now lies in paying close attention to implementing them in a down-to-earth manner and doing real, concrete work.

By doing real, concrete work we mean carrying out in an all-around way the 10 major tasks put forward by the party to expedite reform and construction in the 1990's and the specific tasks to be fulfilled in 1993, ensuring that there are concrete objectives, steps to implementation, organizational guarantees, and supervision and inspection of all the tasks; and focusing attention on the handling of the tasks until we achieve actual results, efficiency, speed, and quality so that doing real, concrete work becomes the widespread, prevailing social practice and national spirit.

To do real, concrete work, we must act in the spirit of integrating emancipation of the mind with seeking truth from facts and learn how to analyze and solve problems with a world outlook and a methodology of dialectical materialism and historical materialism. We must take note of the fact that the current economic situation is very good in China and that the whole nation exhibits vigorous vitality; meanwhile, we must face up to some problems that have cropped up despite this good situation and that must be solved, and we must carry out our tasks in a down-to-earth manner. It is necessary for us to accelerate reform, opening up, and economic construction. So long as products are of high quality, can yield good economic returns, and meet the changing needs of the market at home and abroad, we should encourage development of such products. Meanwhile, we must persist in proceeding from reality, pay attention to doing what we are capable of, not exceed the limits of our capability, and strive for actual results. The speed of development must be achieved on the basis of improving quality, optimizing structure, and increasing economic returns to prevent rivalry in a race to excel, blind implementation of new projects, and overheated economic growth, and to guarantee that the national economy enjoys good and rapid development. We must strive to reach a new level of development after only a few years, and keep improving the economic strength

and comprehensive national power of China. Only by so doing are we truly, vigorously, and correctly implementing the guidelines of the 14th National CPC Congress and the important speech delivered by Comrade Deng Xiaoping.

Strengthening unity is an important guarantee for us in achieving success in all fields of endeavor. We must closely rally around the party Central Committee with Comrade Jiang Zemin as the core, and safeguard and strengthen unity in the party, the Army, and among people of all nationalities in China. Unity is strength. We must obtain cohesive rallying power, combat effectiveness, and new productive forces from our unity. Speaking of unity, we must, first of all, achieve unity among leading groups at all levels. Facts have proved that in areas where leading groups are well united, they are able to concentrate efforts on successfully fulfilling their tasks and there is vigorous vitality to be seen in such areas. Persisting in unity and taking into consideration the interests of the whole are the basic requirements for leading cadres at all levels and the political moral quality that communists must possess.

The 1990's is a crucial time in which the Chinese people must lay a solid foundation for entering the new century. Domestic conditions are ripe and the international situation is favorable. We must not, in any way, let slip this rare, historic opportunity.

Emancipate the mind, seek truth from facts, unite and forge ahead, and do real, concrete work. This is the common will of our whole party and people of all nationalities across the country as the new year approaches.

Jiang, Others Attend CPPCC New Year Party

OW0101142193 Beijing XINHUA Domestic Service in Chinese 0753 GMT 1 Jan 93

[By reporter Zou Aiguo (6760 1947 0948)]

[Excerpts] Beijing, 1 Jan (XINHUA)—At a New Year tea party held by the National Committee of the Chinese People's Political Consultative Conference [CPPCC] this morning, Jiang Zemin, general secretary of the CPC Central Committee, used the verses of a Tang Dynasty poet—"Sunset turns the flowers along the riverside into a riot of blazing red; the advent of the spring turns the river water bluish green"—to describe domestic work over the past year. He expressed the hope that people of all nationalities across the country would close ranks more tightly, resolutely follow their own path, and score greater victories in the cause of building socialism with Chinese characteristics under the guidelines of the 14th National Party Congress.

Leading comrades Jiang Zemin, Li Peng, Wan Li, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, and Hu Jintao, as well as 400 people from all circles in Beijing,

attended the New Year tea party hosted by the National CPPCC Committee in the third-floor hall of its auditorium.

Bursts of laughter filled the brightly lit and heavily festooned hall. Over cups of green tea, participants cordially chatted with each other and wished each other good health and success. Jiang Zemin, Li Peng, and other comrades went to each of the round tables and offered New Year's greetings to people from all circles.

Leading comrades who attended the tea party included Tian Jiyun, Li Lanqing, Li Tieying, Yang Baibing, Chen Xitong, Qian Qichen, Wei Jianxing, Wen Jiabao, Wang Hanbin, Ren Jianxin, Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Yan Jici, Rong Yiren, Ni Zhifu, Chen Muhua, Sun Qimeng, Lei Jieqiong, Hong Xuezhi, Gu Mu, Zhou Peiyuan, Wang Guangying, Ma Wenrui, Qian Weichang, Hu Sheng, Cheng Siyuan, Lu Jiaxi, and Qian Zhengying.

Fang Yi, vice chairman of the National CPPCC Committee, presided over the tea party. [passage omitted]

Speaking on behalf of various democratic parties, patriotic figures with no party affiliation, and the All-China Federation of Industry and Commerce [ACFIC], Wu Jieping, chairman of the Central Committee of the Jiusan Society, expressed hopes for greater contributions during the new year toward socialist modernization and the early realization of the great cause of reunifying the motherland.

Literary and art workers in Beijing and children from the Haiwa Theatrical Troupe staged brilliant shows at the party.

Other participants at the tea party included: Sun Yueqi, Jia Yibin, Li Peiyao, Peng Qingyuan, Li Ganliu, He Luli, Shen Qiuwo, Zhu Peikang [2612 1014 1660], Tao Dayong, Luo Hanxian, Ding Shisun, Wu Xiuping, Yu Zeyou [0205 3419 3731], Wan Guoquan, Feng Tiyun, Huang Daneng, Chen Shunli, Ge Zhicheng, Chu Zhuang, Ye Zhishan, Mei Xiangming, Chen Nanxian, Xu Jialu, Chen Yiqun, Fang Rongxin, Yao Jun, Zhang Shiming, Tian Guangtao, Jiang Zhenghua, Wang Songda, Wang Wenyuan, Chen Mingshao, Hong Fuzeng, Liu Ronghan [0491 2837 3352], Su Ziheng, Zhang Kehui, Chen Zhongyi, Pan Yuanjing, Ma Yi, Ye Baoshan, Sun Fuling, Jing Shuping, Huang Liangchen, and Hu Dingyi, who are responsible persons from the central committees of various democratic parties and the ACFIC. Song Demin, secretary general of the National CPPCC Committee, and Cao Zhi, deputy secretary general of the Standing Committee of the National People's Congress [NPC], were also present at the tea party.

Other participants at the tea party included members of the standing committees of the NPC and the National CPPCC Committee in Beijing; some CPPCC members and celebrities in Beijing; responsible persons from various mass organizations, central party and government organs, and Beijing Municipality; councillors of the State

Council; and staff members of the Central Research Institute of Culture and History.

Jiang Zemin Speech

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[Speech by CPC General Secretary Jiang Zemin at the New Year Tea Party held by the National Committee of the Chinese People's Political Consultative Conference; in Beijing on 1 January 1993]

[Text] Beijing, 1 Jan (XINHUA)—Comrades and friends:

Today, we get together for a joyous New Year celebration. On behalf of the CPC Central Committee, the State Council, and the Central Military Commission, I would like to offer my cordial greetings to everybody who is present here, to various democratic parties, and to patriotic figures without party affiliation. My warm regards to workers, peasants, intellectuals, and cadres of all nationalities throughout the country; commanders and fighters of the People's Liberation Army; officers and men of the Armed Police Force; compatriots from Taiwan, Hong Kong, and Macao; Overseas Chinese; and foreign friends who have assisted in and who show concern for our country's construction. I wish everybody a Happy New Year!

The past year has been a very important year in the history of our party and country. Comrade Deng Xiaoping's important talks during his tour of southern China and the March plenary session of the CPC Central Committee Political Bureau symbolically brought our country's reform, opening up, and modernization into a new phase. The 14th CPC National Congress specifically called for arming the entire party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; systematically summed up the basic experience and tremendous achievements in reform, opening up, and modernization over the past 14 years; made overall plans for the major tasks during the 1990's; and explicitly called for steadfastly maintaining the party's basic line for 100 years and for building a socialist market economy. All this has greatly mobilized and inspired the entire party and people of all nationalities throughout the country. Our country has enjoyed political and social stability, and this has created good momentum for accelerating reform, opening up, and modernization. With the emphasis on changing the operating mechanisms of state-owned enterprises, our country has promoted reforms of the pricing, market, housing, and social security systems. The momentum that never existed prior to the introduction of the open policy has gained new strength, both in breadth and depth. Agricultural production has yielded yet another bumper harvest. Industrial production has accelerated and regained its efficiency. Tertiary industry has developed more rapidly. Sales have been brisk, and exports and imports have grown significantly. The people's

living standards have improved further. Our country has increased international cooperation and contacts, and its relations with other countries have further improved and developed. The cause of building socialism with Chinese characteristics has been full of vitality.

The most important task for all party members and people across the country in the new year is to implement the 14th National Party Congress guidelines energetically, fully, and correctly; to persistently emancipate the mind and seek truth from facts; to conduct bold experimentation, to sum up experience on a timely basis, to do solid work; and to achieve new and greater success in reform, opening up, and modernization.

We should continue to concentrate on economic construction, resolutely optimize the economic structure, improve quality, and raise efficiency; and promote better and faster growth in the national economy. First, we should strengthen agriculture and rural work, earnestly protect peasants' interests, further motivate peasants to engage in production, and develop all facets of the rural economy. We should expedite the construction of infrastructure and basic industries, and perform an efficient job in running backbone industries and in developing leading products. While moving to develop the primary and secondary industries and enriching people's lives, we should make all-out efforts to develop tertiary industry. To constantly improve economic efficiency, we must further rely on scientific and technological progress, improve labor quality, and endeavor to strengthen management and improve product quality. We should proceed from reality, rely heavily on the masses, and actively search for a concrete path toward building a socialist market economy. While exploiting the market's elementary role in deploying resources, we should earnestly strengthen the state's macroeconomic regulation and control, and strive to achieve a new level of overall performance in our country's economic work.

In accelerating reform, opening up, and economic development, we should maintain the "two-handed" principle, and be truly firm with both hands. While strengthening material civilization, we should actively bolster spiritual civilization, persistently educate the cadres and the masses on the party's basic line, patriotism, collectivism, and socialism, and cherish correct ideals, beliefs, outlooks on life, and values. We should persist in improving all aspects of public order, sternly battle against various criminal offenses and serious economic criminal activities in accordance with the law, strive to eradicate repulsive phenomena that have outraged the public at large, protect the people's interests, and ensure smooth progress in reform and construction.

During the new year, we should make new progress in improving and strengthening the CPC's leadership. The key lies in conducting intensive study, educational, and publicity efforts on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, and in further heightening awareness and resolve about implementing the party's basic line. We should strengthen

leadership bodies, vigorously cultivate and select outstanding young cadres, and strive to build leadership bodies at all levels into strong leadership groups that are faithful to Marxism and that follow the path of socialism with Chinese characteristics. Leading organs and cadres at all levels should heighten their sense of responsibility in serving the people wholeheartedly, take the initiative in promoting the party's fine traditions and style, and resolutely overcome bureaucracy and formalism. They should conduct investigations and studies at the grass-roots level and among the people, promptly solve new problems that arise in the course of reform, opening up, and modernization, carefully sum up new practical experience gained from the masses, improve work methods, provide detailed guidance, and improve leadership. The drive for a clean and honest government should be regarded as a major event, as should the fight against corruption. We should firmly continue these efforts and strive for remarkable results.

This year, we will grandly convene the First Session of the Eighth National People's Congress [NPC] and the First Session of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC]. We will also successively conduct changes in the terms of local people's congresses and CPPCC committees. These are significant events in our country's political life. We should continue to make full preparations to ensure the successful changeover of terms. As important tasks in deepening our country's political reform and improving the political system of socialist democracy, we should further refine the system of people's congresses and the system of CPC-led multiparty cooperation and political consultation; expand the legislative and supervisory functions of people's congresses; enhance the functions of people's political consultative conference committees in political consultation and democratic supervision, and promote reform of the administrative system and organizations in a well-led and step-by-step manner. Whether in reform, opening up, economic construction, or political construction, our party will follow our past practice of strengthening close cooperation with various democratic parties and patriotic figures with no party affiliation, in accordance with the principles of "long-term coexistence, mutual supervision, treating each other with all sincerity, and sharing weal and woe." The ancients said: "Select the virtuous and capable for public posts, and promote good faith and harmony." This is an important experience in governing the country and promoting peace in the nation. China can handle its affairs better, as long as we appoint people strictly on merit, trust each other, unite as one, and work with collective wisdom and strength.

The beginning of a new year makes us think more of our compatriots in Taiwan, Hong Kong, and Macao, as well as Chinese nationals living abroad. We also think of our compatriots who are working, studying, and living abroad. Cross-strait relations have experienced new developments over the past year. We are delighted with these developments. We will promote the great cause of

reunifying the motherland in strict accordance with the principle of "peaceful reunification, and one country, two systems." We are firmly against all forms of "two Chinas"; "one China, one Taiwan"; or "one country, two governments." We also resolutely oppose any attempts and actions aimed at fostering "Taiwan independence." We will firmly safeguard national sovereignty and territorial integrity. In our opinion, the two sides can deepen mutual understanding, enhance common understanding, and promote cross-strait relations and the peaceful reunification of the motherland, only if they initiate contacts and hold talks. We have always advocated the smooth transfer of power in Hong Kong and Macao, as well as the maintenance of long-term stability and prosperity there. The recent confrontation intentionally created by the British Hong Kong authorities is something that we and all patriotic compatriots do not want to see. We hope that the British Hong Kong authorities will abide by the agreements reached by the Chinese and British Governments, as well as relevant laws, and that they will return to the correct path as quickly as possible.

We have adhered to an independent foreign policy of peace. We have maintained and developed friendly relations and cooperation with all countries on the basis of the Five Principles of Peaceful Coexistence. In our international contacts, we have never imposed on other countries, nor have we allowed other countries to interfere in our internal affairs. We have firmly opposed hegemonism and power politics, and continued to make unremitting efforts to create a new international order that is peaceful, stable, fair, and rational.

Comrades and friends: The world has undergone drastic changes and numerous vicissitudes. On the motherland, the people are in high spirits, and there is prosperity. "Sunset turns the flowers along the riverside into a riot of blazing red; the advent of spring turns the river water into bluish green." [sentence from a Tang Dynasty poem] Led by the 14th National Party Congress guidelines, let us close ranks more tightly, resolutely follow our own path, and score greater victory in the cause of building socialism with Chinese characteristics.

Thank you.

XINHUA 'Feature' on Gathering

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["Feature" by XINHUA reporters Zou Aiguo (6760 1947 0948) and Xue Jianhua (5641 1696 5478): "Sunrise Turns the Flowers Along the Riverside Into a Riot of Blazing Red—Jiang Zemin, Li Peng, and Other Figures Happily Welcome the New Year"—XINHUA headline]

[Excerpts] Beijing, 1 Jan (XINHUA)—"Sunrise turns the flowers along the riverside into a riot of blazing red; the advent of spring turns the river water bluish green." [verses written by a Tang Dynasty poet]

"One cockcrow summons the sudden dawn into the world; music from all quarters, even of Yutian, comes; our poets have never had a party like this before." [Mao Zedong poem written in 1950]

At a New Year tea party of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] this morning, party and state leaders and various other figures successively quoted and used verses of renowned persons in ancient and contemporary times to describe the motherland's excellent situation.

With more than 400 friends from inside and outside the party at this annual gathering, General Secretary Jiang Zemin made a very compassionate speech. [passage omitted]

Jiang Zemin's speech touched every attendee. Wu Jieping, newly elected chairman [as of 3 September] of the Jiusan Society Central Committee, quoted an idiom on "beginning to exercise after hearing the first cockcrow." His quotation expressed the wishes of various democratic parties and nonparty patriots to continually make joint efforts with one heart with the CPC so as to vigorously forge ahead together.

Wherever Jiang Zemin and Li Peng went in the antique hall, there were joyous dialogues and laughter.

When meeting with Qian Weichang, vice chairman of the China Democratic League Central Committee, Jiang Zemin asked him how he was. Qian Weichang said: "I have been busy with many things to do." Jiang Zemin praised him and said: "You are old but vigorous." Waving his hand, Qian Weichang said: "Now that the general policies and programs have been formulated, I must work without any reservations." Jiang Zemin cautioned him and said: "You should take care of yourself!" Fang Rongxin, vice chairman of the Chinese Peasants' and Workers' Democratic Party Central Committee, told Jiang Zemin: "Honorary Chairman Zhou Gucheng sends his regards and thanks to you for your concerns." Jiang Zemin requested Fang Rongxin to convey his New Year greetings to Zhou Gucheng.

Jiang Zemin, Li Peng, and other leaders shook hands and conversed with responsible persons from various democratic parties who had just attended the closings of their respective congresses. The former extended congratulations to various parties on their newly elected leaderships. Introducing 59-year-old Li Peiyao to Li Peng, Lei Jieqiong, chairman of the China Association for Promoting Democracy, said: "This is the newly elected chairman of the Revolutionary Committee of the Chinese Kuomintang. He is also the youngest chairman among all the democratic parties." Smiling, Li Peng said: "Not only is he a young chairman among the democratic parties, he is also a vice minister of the State Council." Li Peng told Li Peiyao, who is concurrently vice minister of labor: "The burdens on your shoulders are heavier now." Li Peiyao said: "I will work much harder."

Noticing that Jiang Zemin and Li Peng were approaching, Li Gang, member of the CPPCC National Committee Standing Committee, quickly moved forward to greet them. This former president of the China National Automotive Industry Company delivered to Jiang Zemin a proposal on developing China's automobile industry. Later, he suggested to Li Peng that to facilitate the needs of the current situation's development, it is necessary to jointly integrate the domestic automobile industries so as to compete in international markets. Li Peng said: "It is worthwhile to earnestly study this issue."

When encountering Israel Epstein, member of the CPPCC National Committee Standing Committee, among his many friends, Jiang Zemin enthusiastically discussed in English a translation issue regarding a phrase "propaganda to the outside world" with this foreign expert who is a Chinese citizen. Jiang Zemin said: "When translating this phrase, we should use neutral words. Its translation should not be too awkward." Israel Epstein expressed his agreement.

When meeting with Yu Lei, vice minister of public security and deputy chief police superintendent, Li Peng asked him: "Have all cadres and policemen in your Ministry of Public Security begun wearing corp badges today?" Yu Lei said: "Beginning at 0000 hours [1600 GMT 31 December] this morning, all cadres and policemen under the Ministry of Public Security in various large and medium-sized cities have begun wearing corp badges." Yu Lei also told Li Peng that effective today, policemen are on street-patrol duty in some cities to maintain social order. Li Peng said: "That is very good."

Responding to many pairs of passionate hands stretching toward them, General Secretary Jiang Zemin and Premier Li Peng, respectively, extended their cordial words. Holding the hands of Sun Yueqi, honorary chairman of the Revolutionary Committee of the Chinese Kuomintang, Jiang Zemin repeatedly said: "Our revered Comrade Sun, congratulations to you on your 100th birthday!" As a matter of fact, our revered Comrade Sun has just celebrated his 100th birthday. Supporting Sun Yueqi, Li Peng said to the photographers: "Let us take a photograph with our god of longevity!"

Li Peng's suggestion met with everybody else's compliance. All at once, many smiling faces gathered around the god of longevity, Jiang Zemin, and Li Peng....

Li Peng Arrives in Shenzhen for Inspection

HK0401074093 Hong Kong MING PAO in Chinese 4 Jan 93 p 2

[By staff reporter Chu Chan-kang (2612 3277 0474): "Chinese Premier Li Peng Arrives in Shenzhen 3 January To Carry Out an Inspection Tour of the City"]

[Text] Reliable sources revealed that Chinese Premier Li Peng arrived in Shenzhen yesterday to carry out an

inspection there. This was the first top CPC leader to visit Shenzhen since Deng Xiaoping's south China tour one year ago. The sources said that Li Peng's trip will be focused on "economic affairs." Economic construction will be stressed during the inspection. According to the sources, Li Peng will stay in Shenzhen for three days or so. He will listen to presentations given by the officials of the city party committee and government on the city's changes over the past year since Deng Xiaoping's south China tour, and the city officials will explain to him the details of their plan for catching up with the "four small dragons."

The sources revealed that apart from having a look around the city and inspecting some new construction projects and high-tech enterprises, Li Peng will also make an inspection of the new office of the city's stock exchange, which opened only yesterday, in order to keep abreast of the recent developments of Shenzhen's stock market.

Affected by Li Peng's inspection, Shenzhen's stock market rose vigorously by 14.64 points yesterday and closed at 255.58. Earlier, there had been hearsay in the market about visit to Shenzhen by a certain top CPC leader, but some said it would be Jiang Zemin while others said it would be Li Peng. The hearsay had made the stock market grow steadily in recent days.

It was learned that this is Li Peng's second inspection tour to Shenzhen. The first was in October 1991, when he attended the opening ceremony for the Shenzhen Airport. It is also the first visit to this "window of reform and opening up" by a top CPC leader since Deng Xiaoping's inspection tour on 18 January last year.

Relevant personnel in Shenzhen believe that the reasons Li Peng's current inspection is arranged before the convention of the National People's Congress in March this year are: First, to establish an image of reform and opening up, and second, to show the determination of the top CPC leaders in going all out to carry out economic construction. On the other hand, Shenzhen also expects that through Li Peng's inspection, "final decisions can be made" on some concrete matters, such as the establishment of a warrants auction and trading market, a futures market, a foreign exchange market, a gold market, and a science and technological achievements auction market.

Meets Hong Kong Businessmen

OW0401142293 Beijing XINHUA in English 1411 GMT 4 Jan 93

[Text] Shenzhen, January 4 (XINHUA)—Premier Li Peng met with Li Ka Shing, chairman of the board of directors of the Cheung Kong (Holdings) Ltd. of Hong Kong, and a representative of Peter K.C. Woo, chairman of the Wharf (Holdings) Ltd. of Hong Kong, here this afternoon.

Li had a cordial talk with them on the joint construction of the Yantian deepwater port here. He also expressed his appreciation for their willingness to invest on the mainland.

The premier is here to make an on-the-spot investigation.

Scientist Calls for Political Democracy

HK3112123192 Hong Kong CHUUSHI NIENTAI in Chinese No 12, 1 Dec 92 pp 60-62

[Article by Xu Liangying (6079 5328 5391), "written in Zhongguan Village, Beijing in May 1992": "Reform Cannot Possibly Succeed Without Political Democracy"—first paragraph is CHUUSHI NIENTAI introduction; passages in boldface published in English; article was originally carried in the October issue of the bimonthly WEILAI YU FAZHAN (FUTURE AND DEVELOPMENT), which was reportedly closed down recently]

[Text] (Professor Xu Liangying is a noted scientist in the Chinese mainland. In early 1989, 42 people from scientific circles in Beijing jointly wrote an open letter asking the CPC authorities to guarantee the basic rights of citizens and to release all prisoners of conscience. Xu Liangying was one of the initiators of the open letter. At that time, he was writing the book "The History and Theory of Democracy." Meanwhile, this article was completed in May this year.)

With the gigantic changes in East Europe and the Soviet Union in 1989 and the Gulf war of 1991, the more than half a century of confrontation and Cold War between the two blocs, East and West, disappeared from history. While regional conflicts, ethnic strife, and religious and ideological struggles will continue to exist, the possibility of a world war is no longer present, and the only two world wars in human history both occurred in the first half of the 20th century. With world peace assured, the aspiration to and realization of democracy, freedom, and human rights has become an inevitable trend. This is the offering presented by the last decade of a 20th century which has experienced strife, chaos, and misery to the coming new century, and it is also a great victory for science, democracy, and reason.

Decades of National Misfortune

As far back as 1915, Chen Duxiu had already attributed modern civilization to science and human rights; in 1919 again, he expanded human rights to democracy. In 1924, Sun Yat-sen also stated: "The world trend today has arrived at the era of civil rights," "which cannot be resisted." And he also stressed: "The world trend flows mightily, and those who follow it will flourish, while those who go against it will come to nothing." However, entering the 1930's, a countercurrent appeared in several major powers in Europe and Asia, and they were: the fascism which ran rampant in Germany, Italy, and Japan for a while; the Stalinist style of dictatorship in the

Soviet Union; and the self-destruction represented by the "antirightist movement," the "Great Leap Forward," and the "Great Proletarian Cultural Revolution" in the Chinese mainland, starting in the 1950's. This was a kind of "retrogression" to medieval times in human history and a great historical reversal of modern society which boasts of advanced science. History finally overcame this reversal, but at an extremely high cost, which included the lives of hundreds of millions of people.

The decade-long great catastrophe of the "Cultural Revolution" awoke people from the slumber of modern superstition and led to the situation marked by the decade-long reform and opening up. The objective of reform was defined as follows in 1981: To build a modern country with a "high degree of democracy and civilization." People were attracted to this objective and were filled with hope for the future. However, haunted by deep-seated, 1,000-year-old feudal traditions, the advance of democracy was always met by tremendous resistance. Particularly after that unprecedented human tragedy of 4 June 1989, democracy and freedom were regarded as fearful beasts of prey, while people who advocated democracy were condemned as "hostile elements"—the clock seemed to have been turned back to the days of the "antirightist movement" and of the "Cultural Revolution" as criticisms and labels flew around, speeches and writings which featured a bit of independent thinking were all banned, while the nonsense and drivel uttered by liars, hoodlums, and prostitutes were prized treasures to the powers that be, causing righteous people to sigh over the misfortunes of the Chinese nation.

Limping Reform

Now the wind of "reform" has again started blowing from south to north. People are excited about it as there seems to be hope again. But the current reform talks only about economic reform and the development of productive forces, evading political reform and saying nothing at all about democracy. It is very doubtful whether this kind of limping reform can succeed.

Some people hold that pure economic reform will work, citing the example of the "four small dragons." Little do they know that the "four small dragons" started out with private ownership and a market economy, and there was no structural resistance against an economic takeoff, whereas the first thing Mainland China encountered was the problem of reforming the economic structure. In the process of an economic structural transformation, "official speculation" will surely thrive, corruption will run rampant, and social contradictions will increasingly intensify to a point of no return if politically there is no democracy, and political power and bureaucrats are not under the supervision of the broad mass of the people and independent media. The British historian Lord Acton said as early as a century ago: "Power corrupts, and absolute power corrupts absolutely." This is the iron law of history applicable to all. Political power not under the people's supervision inevitably becomes corrupt, and

corruption and official speculation are not something people can tolerate. They are the roots and catalysts of social turmoil.

No One Dares Preach the Nazi Experience

If human beings were only economic animals and growth of productive forces the sole indicator of social progress, then it would not be the four small Asian dragons, but Hitler's Germany that should be commended. Hitler became German chancellor in January 1933. Toward the end of the year the German unemployment rate was down by one-third (from 33 percent, or 6 million), and from then on dropped annually, to less than 1 percent by 1938. In the five years from 1933 to 1938, Germany's GNP grew 68 percent, an average of 11 percent annually. The production of capital goods was particularly rapid, almost doubling in that five years. For this "great feat," we should shout "heil Hitler." Moreover, he was also pursuing "socialism," ("National Socialism," **national-sozialismus** [as published], or **Nazi** for short. It should be translated as "national socialism" according to the original German word.) It is very regrettable that none of those backroom boys preaching developing the economy without democracy dare preach openly this brilliant Nazi experience.

Man, after all, is not an animal, content only with eating, drinking, defecating, and pissing. He is a rational animal with his own spiritual life, thoughts, independent personality, and dignity. As Chen Duxiu said in 1915: "I have hands and feet with which to earn my own living. I have a mouth and a tongue with which to express my likes and dislikes. I have thoughts and feelings and believe in my faith. I absolutely will not endorse what has been imposed on me by other people, nor will I hold myself as master by enslaving others. For an independent and self-determining personality, one's behavior, rights, and faith are subject to one's inherent intelligence. There is absolutely no sense in blindly obeying other people." This is the most fundamental demand of modern man, one which was woken from its slumbers by the humanism of the Renaissance from the 14th to the 16th centuries, passed through the Enlightenment of the 17th and 18th centuries, and received its armor from scientific thought and democratic thinking. They want modernization, but not the values publicly endorsed by modern civilized society, they want reform, but choose to stand still and refuse to make progress in face of the historical current, and they want opening up, but do not allow people to breathe fresh air from the outside world. This kind of putting the cart before the horse echoes the "Chinese learning as the essence and Western learning as only technique" of the Self-Strengthening Movement, and is doomed to end in failure.

"Peaceful Evolution" and "Reform" Have the Same Meaning

In this connection, it is necessary to remove a psychological obstacle, that is, the state of mind characterized

by turning pale at the mere mention of "peaceful evolution." The Chinese phrase "**peaceful evolution**" comes from its English origin. **Evolution** means "gradual progress [jin hua 6651 0553]," which refers to the course of gradual development. Its opposite is "revolution" (**revolution**), which refers to a thorough change of the social system through violence. So-called "reform" means a kind of gradual progress. It is a gradual development toward modernization, which is a trend chosen and commonly accepted by the people throughout the country. Throughout the 20th century, the Chinese people have tasted to the full the bitterness of war and upheaval. Naturally, the reform China needs should be a peaceful rather than a violent one. It should not repeat the old path of "violent revolution." Therefore, reform itself is a kind of "**peaceful evolution**." In fact, "peaceful evolution" is a synonym of "reform." It is by no means a tiger swallowing people. Why should we be afraid of it?

Some people have used the expression Stalin once used and interpreted reform as the "self-perfection" of a certain system. This is a mere metaphysical illusion. Stalin did not admit that there were internal contradictions in the Soviet society under his rule. Instead, he talked glibly about the so-called "solidarity and unity" among the people of various nationalities. The destruction of the CPSU and the disintegration of the Soviet Union last year proved the falsehood of this "unity" and "self-perfection." Closed-door "self-perfection" is antagonistic to open-door reform and is, in essence, a negation of reform. Human society is always making progress. It is inevitable that reform will be an endless course. There can never be a preset ultimate goal for it. In any age, a thousand-year empire can only be a dream.

To Go With the Tide and Realize Democracy

In short, in order to carry out reform, it is necessary to go with the tide of history in the contemporary world. While carrying out economic structural reform, it is necessary to conscientiously carry out political structural reform and gradually realize political democratization. We must understand that political democratization is a reliable guarantee for economic reform and the situation of stability and unity. Once democratization is realized and the people's initiative and enthusiasm are brought into full play, the people throughout the country will certainly take delight in sharing the unavoidable difficulties which have emerged in the course of reform. Then, with the common wisdom and efforts of the masses, there will be no unconquerable difficulties.

To realize political democratization, it is first necessary to take effective measures to ensure the basic rights of citizens, which are granted by the PRC Constitution and the "Universal Declaration of Human Rights" adopted by the UN General Assembly in 1948, especially to ensure citizens' freedom of thought, freedom of speech, freedom of publication, freedom of the press, and freedom of assembly and association. China is a permanent member of the UN Security Council. It is reasonable that it should take the lead in strictly observing

various UN conventions on human rights. Under no circumstances should it become the target of condemnation by the international media because of the issue of its domestic human rights. It should take resolute and bold action to end the history of punishing people for different thinking, remarks, and writings, which has lasted several thousand years in China, so that all those who are in prison because of their different thinking and remarks can regain freedom.

First Strive for Human Rights

The history of the influx and spread of democratic ideas in China is very short. Conversely, the old and traditional antidemocratic ideas are very stubborn. That is why the concept of democracy has often been distorted, even among intellectuals. Thus, it is impossible for China to realize political democratization in one move. Political democratization in China will inevitably be a long and tortuous course, and it can be realized step by step only through unremitting and hard struggle. At present, what we should strive for are the basic and legitimate rights of citizens, that is, to safeguard human rights.

To build a democratic China, which respects human rights and is ruled by law, this is the call of the 1990's to the future China. Only thus can Hong Kong's prosperity be ensured after returning to the motherland and can reunification be achieved between the two sides of the Taiwan Strait. Then what will rise suddenly on the west coast of the Pacific Ocean is not a fifth small dragon in Asia, but a real giant in the East! Let us always remember a famous remark of Dr. Sun Yat-sen: "He who goes with the mighty tide of the world will prosper, he who goes against it will perish."

Crackdown on Underground Organizations Revealed

HK0101055293 Hong Kong CHENG MING in Chinese No. 183, 1 Jan 93 p. 25

[Article by Lu Yen (7120 3601): "Underground Illegal Organizations Are Active"]

[Text] The term "underground illegal organization" is a sensitive one on the mainland. Especially in recent years, this term has continuously made Communist China nervous and its blood temperature rise. In an internally relayed secret document on 28 October 1992, the Ministry of Public Security comprehensively and systematically discloses the present situation of "underground illegal organizations." From this document we see that against the background of "stability and unity" on the mainland there are still many destabilizing and even turbulent factors.

According to the report "On Cases of Underground Illegal Organizations Cracked and Banned or Surrendering Themselves To the Police in Recent Years," from June 1986 to the end of September 1992, public security organs banned and dissolved 1,370 "illegal organizations

of all kinds," and 69 others either voluntarily disbanded or surrendered themselves to the police. They involved over 92,000 people.

In June 1987, the State Council issued a "Circular on Resolutely Banning and Disbanding Underground Illegal Organizations and Activities." Unexpectedly, five years later, not only has the measure failed to yield the desired results but the "illegal organizations" have spread like a prairie fire.

What merits attention is that the Public Security Ministry's secret document claimed to have cracked 62 "hostile forces opposing the socialist system, the people's government, the people's democratic dictatorship, and CPC leadership," including organizations possessing armed forces.

Very obviously, the 62 "illegal organizations" are all active underground opposition forces. Their extensive character can be traced from their names, such as the National Autonomous Federation of Workers, National Autonomous Federation of Students, National Alliance of Workers, Peasants, and Soldiers, Alliance of Beijing Academic Circles, Bajiu Society, Free Writers' Association, National Democratic Alliance, China Christian Association, China Catholic Association, Hebei Provincial Solidarity Trade Union, Tianjin Association of Workers and Students, Northeastern China Alliance, Harbin Spring Solidarity Society, Association for Democracy and Human Rights, Marxism-Leninism-Mao Zedong Thought Alliance, Communist Party (Marxist-Leninist) Group, Shock Brigade for the Elimination of Imperialism, Armed Action Committee, Henan Provincial 2 February Trade Union, Shandong Solidarity Trade Union, Sichuan Provincial Federation of Industrial Workers, Alliance of Proletarians, Mao Zedong Doctrine Fighting Force, Jiangsu Democratic Alliance, Front for Free China, Zhejiang Association of Fellow Provincials, Liaoning Committee of Free Democratic Party, Anhui Branch of the National Republican Party, Solidarity Front of Proletarians, Preparatory Committee for 21st Century Free China, Marxist Revolutionary Committee, Jiangxi Red Uprising Column, Alliance of the Oppressed and Exploited, Guangdong and Guangxi Committee of the People's Three Principles Front, Sun Yat-sen Doctrine Association, Chinese Nationalist Party, Guangxi Labor Party, Workers' United Party, Xinjiang Justice Party, Rejuvenation Party Union, Independent Party of Inner Mongolia, Voice of Forerunners, Gansu Alliance for Freedom and Progress, Fujian Rejuvenation Society, Guizhou Peasants and Workers Party, "Spring of Tomorrow" Association, Alliance of Workers, June Storm, Jilin Free Industrial Trade Union, the Year 2000 Federation, National Free Teaching Staff Association, Voice of Yanan Radio, United Front for Saving the Chinese Nation, Association of Fraternity, Equality, and Freedom, Jinggangshan Column, Fujian Democratic Progressive Party, Defend-Mao Zedong Doctrine Alliance, Front for the Liberation of All Mankind, Hubei Branch of the Headquarters in Support of Democratic Movement, Anshan Free Trade

Union; Shaanxi Federation of Workers and Students; Yunnan Worker-Peasant-Student Alliance; and so on. Many of them went underground after the 1989 democratic movement was suppressed.

The authorities say that many of the organizations are abetted and supported by overseas hostile forces and some, being the remnant elements of the gang of four, are "ultraleftist reactionary organizations." The secret document of the Public Security Ministry also discloses that the banned, disintegrated, and smashed "reactionary, illegal organizations" carry out activities with programs and in a planned way. Some have even carried out violent armed sabotage activities.

The document also discloses that the authorities have examined some 70,000 members of the cracked "underground illegal organizations," with the cases of over 53,000 people placed on file or dealt with, accounting for about 80 percent of the total. But the authorities have dealt with most of them leniently by setting them free or exempting them from criminal prosecution after they plead guilty. However, even the secret document does not disclose the number of people found guilty. Apparently, the relevant authorities are very prudent lest they will leave a handle to overseas human rights organizations and thus will be put in a passive position.

In conclusion, the document stresses the need to "continuously concentrate forces on banning, smashing, and cracking down on hostile forces which aim at overthrowing and undermining the socialist system." We can thus see that, although the mainland is advancing toward "the socialist market economy," it has never dared to loosen the string of "class struggle." Communist Chinese leaders are clearer than anyone that the underground organizations, which have been stifled for many years, may erupt like volcanoes at any moment and become an effective force burying the one-party dictatorship. Therefore, enforcing the dictatorship of the proletariat has become a self-salvation method. However, with the deepening of the economic reform, will this "self-salvation method" of Communist China work?

Bao Xin 'Letter' on Post-Congress Changes

HK0401035793 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 50, 14 Dec 92 p 2

["Letter from Beijing" by Bao Xin (7637 0207): "The 14th Party Congress Guidelines Are Being Put Into Effect"]

[Text] Dear friend:

It has been more than a month since the conclusion of the "14th party congress." The dissemination and study of the 14th party congress spirit can be said to have been completed, as the emphasis from the central government to the localities at the moment is in the concrete realization of the spirit. It is not possible for me to give a comprehensive and systematic description of the prospects involving the implementation of the spirit of the

"14th party congress"; nor can such an endeavor be written on a single piece of paper. But let me cite a few instances to give you an idea of the situation.

Starting 1 December, Beijing lifted all price controls on major supplementary foodstuffs like meat, eggs, and vegetables. Specifically, the municipal government no longer subsidizes the sale of meat, eggs, and vegetables, but, instead, it is giving assistance on an individual basis and has thoroughly lifted all controls on the marketing and selling prices of meat, eggs, and vegetables in the market, allowing prices to float freely according to market conditions. Only when it is necessary will the appropriate regulation and control of prices be applied with the support of a newly established corresponding fund. Judging from the situation before and after the implementation of this reform, society has remained calm and the changing of tracks can be considered a success.

Freeing prices from planned regulation and control and shifting to automatic regulation and control based on the law of value as determined by the invisible hand of the market—this is the important feature of the socialist market economic system as defined at the "14th party congress." Reforms similar to the one carried out on the prices of supplementary foodstuffs in Beijing are being duplicated everywhere. For example, Gansu Province gave enterprises the power to set prices within the province, and the relaxation of price controls in Hefei, Huaihei, and other cities and counties in Anhui Province are concrete measures related to price reform. Reports have indicated that provinces and cities which are considering steps to lift controls on the prices of grains, edible oils, meat, and vegetables no longer number just one or two or three. As I have written in my previous letters, the gradual relaxation of the controls on prices of the means of production—or the gradual merger of two tracks into a single track—is already underway. It now appears that the pace will be quickened. All these show that the unsuccessful price reform that China wanted to carry out in 1988 is now being implemented in an orderly fashion and has not created any great social disturbance.

In line with the establishment of the socialist market economic system, the changing of the functions of government organs and the reform of government organs are also being carried out at an accelerated pace following the "14th party congress." For example, the State Planning Commission, Ministry of Finance, and others which are pivotal organs in the planned economic system have also recently carried out some new important measures related to the changing of functions and the deepening of reforms. The State Planning Commission has defined the cultivation of a market as its main function; it will actively take part in undertakings involving the arrangement, cultivation, development, and standardization of the market in order to make the market open, standardized, and systematic. Meanwhile, the Ministry of Finance's reform ideology may be summarized as follows. "Three divisions, two integrations,

one management, and one supervision." In handling the financial relationship between the central authorities and the localities, it will introduce a financial structure marked by a revenue-sharing system. In handling the distribution relationship between the state and state-owned enterprises, it will implement a system which requires payment of tax plus a percentage of profits to the state, payment of tax before loan repayment, or profit-sharing after tax payment. It will integrate the tax collection system, including the establishment of a uniform income tax system for domestic equity enterprises, the integration of the income tax system for domestic and foreign equity enterprises when the time is ripe, and the introduction of a uniform personal income tax. It will integrate enterprises' financial and auditing systems, step up control of state-owned assets, and gradually establish a system for the input, safeguarding, accumulation, and circulation of state capital as well as for the distribution and management of enterprises' after-tax profits. It will establish and perfect a system for supervising social services, accelerate the development of a registered accountants system, and, at the same time, gradually perfect and comprehensively promote a multiple budget system. Fairly major undertakings have taken place in the reform of government organs, such as the case of Shandong Province, which abolished its commercial department and established a business company instead.

In carrying out the various tasks spelled out at the "14th party congress," a very important thing is the appointment of cadres. Cadres who firmly carry out the basic line of "one center, two basic points" should be brought to leading posts at all levels. Naturally, the selection of new and younger people for leading posts and the realization of the changeover from the old to the new is also an important factor in the CPC's attempt to improve the system governing the appointment and dismissal of cadres. Recently, new appointments were made in the CPC Central Propaganda Department, RENMIN RIBAO, the XINHUA NEWS AGENCY, the State Council's Information Office, and other units. Ding Guangren was named head of the Central Propaganda Department, Zheng Bijian deputy head of the Central Propaganda Department (Wang Renzhi was transferred to the Chinese Academy of Social Sciences where he became secretary of the party committee), Shao Huaze director of RENMIN RIBAO, Guo Chaoren director of the XINHUA, and Zeng Jianhui director of the State Council's Information Office; new appointments were also made in some military regions and in various arms and services. As far as I know, Wang Chengbin, commander of the Beijing military region, will remain in his post, while Gu Shanqing, former political commissar of the Chengdu military region, will become the new political commissar of the Beijing military region (its former political commissar Zhang Gong is being transferred to the Chengdu military region to serve as political commissar); the Second Artillery Corps, which is also China's missile force, will have a new commander in the person of 54-year-old Yang

Guoliang, a graduate of Beijing Aerospace University, while former deputy political commissar Sui Yongju becomes the new political commissar. Of course, there are many more new appointments and dismissals which I will write about next time.

[Signed] Bao Xin

[Dated] 6 December

Chen Xitong Reads CPC Message at Jiusan Society Congress

OW0201190593 Beijing XINHUA Domestic Service in Chinese 0700 GMT 26 Dec 92

[By reporter Zhu Dongju (2612 0392 5468)]

[Text] Beijing, 26 Dec (XINHUA)—The Sixth National Congress of the Jiusan Society opened at the Great Hall of the People today.

Those attending the congress will study the 14th National CPC Congress guidelines, hear and examine the work report of the previous Jiusan Society Central Committee, revise the society's charter, and elect members of a new Central Committee.

Chen Xitong, member of the CPC Central Committee Political Bureau, read the CPC Central Committee's message of greetings to the congress.

The message reads: The Jiusan Society has a glorious revolutionary history. During the past 50 years, the society, displaying the anti-imperialist patriotism of the May 4th Movement and striving to promote democracy and science, has worked hard and cooperated closely with the CPC. It has contributed significantly to the victory of the new democratic revolution and to socialist revolution and construction.

The message continues: During the new historical period, the Jiusan Society continues to firmly support and actively implement the basic line characterized by "one center and two basic points"; to manifest its strengths; to work hard to serve reform, economic construction, and national reunification; and to conduct in-depth investigations and studies into economic construction. Relevant state authorities attach great importance to the many important proposals the society has put forward. Meanwhile, the satisfactory social and economic results the society has achieved in areas such as providing scientific and technical services, supporting impoverished remote areas, giving seminars, and establishing schools have significantly contributed to economic development in certain areas. The work that the society's organs at various levels has accomplished in promoting friendly ties with overseas communities; in publicizing policies; and in bringing in capital, technology, and proficient personnel has promoted trade, as well as academic and cultural exchanges.

The message says: Facts prove that the Jiusan Society is truly a close comrade-in-arms that cooperates and shares

weal and woe with the CPC, an important force of the patriotic united front, and an important force in socialist modernization.

The message expresses the hope that all democratic parties will advance their fine traditions of cooperating closely with the CPC and work hard to accelerate reform, opening up, and economic construction; to expedite socialist democratic construction; and to win even greater victories in building a socialist society with Chinese characteristics.

Zhou Peiyuan delivered the opening speech at the congress, which was chaired by Wu Jieping, executive chairman of the presidium. On behalf of the society's previous Central Committee, Xu Caidong delivered a report entitled "Demonstrate Our Scientific and Technical Strengths; Play a More Active Role in State Affairs; and Contribute Our Strength To Accelerating Reform, Opening Up, and Modernization."

Sun Qimen, chairman of the China Democratic National Construction Association Central Committee, read a message of greetings from the central committees of the other democratic parties and the All-China Federation of Industry and Commerce.

Present at the opening ceremony were Peng Chong, vice chairman of the National People's Congress Standing Committee; Song Jian, state councillor and minister in charge of the State Commission of Science and Technology; Hu Sheng and Song Demin, vice chairman and secretary general, respectively, of the National Committee of the Chinese People's Political Consultative Conference; Jiang Minkuan, executive deputy head of the CPC Central Committee United Front Department; and responsible comrades from the central committees of the other seven democratic parties and the All-China Federation of Industry and Commerce.

Attending the congress were Yan Jici and Jin Shanbao, honorary chairmen of the Jiusan Society Central Committee, and more than 500 other delegates.

Jiang Zemin, Other Leaders Attend Opera Soiree

OW 3112045492 Beijing XINHUA Domestic Service in Chinese 1309 GMT 30 Dec 92

[By reporter Zou Aiguo (6760 1947 0948)]

[Excerpt] Beijing, 30 Dec (XINHUA)—A Chinese opera soiree was held at Zhongnanhai's Huaren Hall today. Jiang Zemin, Qiao Shi, Zhu Rongji, Liu Huaqing, Yao Yilin, Ye Fei, Gu Mu, Wang Guangying, and other leaders together with more than 1,000 personages from all circles in Beijing attended the shows performed by the China Opera Institute, the Chinese Opera Troupe of Tianjin city, the China Chinese Opera Hall, the Beijing Chinese Opera Hall. [passage omitted]

Military

Article on Anti-Yang Sentiments in Army

HK3112130492 Hong Kong CHENG MING in Chinese No 183, 1 Jan 93 pp 14-15

[Article by Kuan Chuan (7070 1557): "Yang Shangkun Is Not Invited To Serve as Adviser to the Political Bureau"]

[Text] The Yang family generals in the history books have their names crowned with glory, but what about the "Yang family generals" in present life?

Anti-Yang Small Character Posters Appear at General Staff Headquarters, National Defense University

The 14th party Congress was a sentencing session where Yang Baibing was stripped of his military powers. The "topple Yang" incident initiated by 12 veteran generals forced Deng Xiaoping to make the decision to "invite" Yang Baibing out of the Central Military Commission. Even though Yang Baibing had voiced his side of the story to Deng Xiaoping in person, he failed to make him see his point (Please refer to article: "Yang Baibing Complains to Deng Xiaoping About Veteran Generals" published in issue 12 of this journal). Besides, the anti-Yang (family generals) sentiments in the Army have not died down. According to Army sources, anti-Yang small character posters appeared at the General Staff headquarters and the National Defense University on 20 and 21 November. Some of the contents say that Yang Baibing is a hypocrite, while others accuse him of feigning compliance to Deng Xiaoping and of setting up his own factions. The small character posters were torn down soon after they were put up. These incidents show that some people in the Army still seemingly will not let Yang Baibing off the hook. While Yang has not "sunk" to a bottomless pit, he is not likely to have an easy time in the future.

Yang Shangkun's Name Does Not Appear on the List of Advisers to Political Bureau

Given the fate of Yang Baibing, how does his brother Yang Shangkun fare? According to knowledgeable sources, the situation appears to be unfavorable to Yang Shangkun.

At a regular meeting of the Political Bureau at the end of November, Jiang Zemin announced that following the suggestion by the Standing Committee of the Central Committee's Political Bureau and the unanimous approval by the Political Bureau, and in view of the practical needs of work, a number of outstanding leading comrades from the party, government, and Army will be recruited to serve as advisers to the Political Bureau and to take part in the leadership work and activities of the party, government, and Army. The advisers who were endorsed are: Wan Li, the National People's Congress chairman who has just withdrawn from the Political

Bureau, and Bo Yibo, former vice chairman of the Central Advisory Commission.

As both Wan Li and Bo Yibo are veteran leaders who have just retired, it is not surprising that they were recruited as advisers to the Political Bureau. What is surprising is the absence of Yang Shangkun's name.

Bo Yibo Highlights Liu Bocheng's Loyalty to Deng Xiaoping

On 3 December, Bo Yibo attended the opening ceremony of the "Seminar on Military Theories To Mark the 100th Birthday of Marshal Liu Bocheng." In introducing him to the participants of the seminar, Jiang Zemin said: "The Central Committee's Political Bureau has recruited old Bo as its adviser and I wish to inform everyone here about this."

Next, Bo Yibo spoke on behalf of the central authorities. In his speech, Bo Yibo vigorously highlighted Liu Bocheng's consistent and wholehearted support of Deng Xiaoping and his defense of Deng Xiaoping's reputation. Bo Yibo said: "Liu Bocheng was an example of the openness and honesty of the Communist Party. Through the years, he worked tirelessly, not for his own glory or interests, but for the cause of the party, displaying the noble qualities of a genuine Communist fighter. In the trying days of the great catastrophe, he protected and cared for Comrade Deng Xiaoping and other comrades. After returning to take charge of the work of the central authorities and after the smashing of the Gang of Four, Comrade Deng Xiaoping summed up the erroneous lines of the CPC in previous construction endeavors and proposed the basic line of construction as the party's central task. Liu Bocheng consistently and wholeheartedly supported Comrade Xiaoping by safeguarding the party's leadership and unity and safeguarding Comrade Deng Xiaoping's lofty prestige within the entire Party, the entire Army, and the people of the entire country."

Bo Yibo went on: "In his lifetime, Liu Bocheng had struggled on numerous occasions against phenomena of factionalism within the party and the Army. The party's discipline absolutely forbids anyone from arbitrarily proposing policy and organizational changes which have not been discussed nor decided upon behind the back of the party."

Bo Yibo Accuses Certain People of Ignoring the Party Central Committee

Knowledgeable sources claimed that while Bo Yibo was praising Liu Bocheng in name at the meeting, he was actually issuing a warning to certain people. His speech was indeed interesting.

At the end of November, Bo Yibo convened a forum of former members of the Central Advisory Commission Standing Committee and other former members of the commission. He said: "Comrade Xiaoping has pointed out repeatedly: 'Many things are disrupted by some people who occupy leading posts but who claim credit

for themselves. They do not have the party Central Committee in their hearts, nor do they have party discipline. How can this be? Old comrades should not rely on their old glories. Once these past glories are depleted, they are bound to commit big mistakes.'" [no closing single quotation mark as published]

Bo Yibo added: "Old comrades should foster the fine traditions of the war years. Pronouncing them verbally and demanding the subordinates to follow them is easy. But some old comrades have failed to set a good example by educating their own children, relatives, and staff members well." Bo Yibo quoted Deng Xiaoping's statement: "To win the respect of the Party and the people, it is necessary to continue to do more practical things for the Party and the people, and not engage in special privileges or things which are detrimental to the Party's central construction endeavors."

Bo Yibo's continued criticism of some high level persons who "occupy positions" and who claim credit for themselves was quite unusual. Reports claimed that these accusations came straight from the mouth of Deng Xiaoping.

Deng: Whoever Engages in Activities Outside the Organization Should Step Down

Receiving leaders from the Central Military Commission and the Naval Forces in early December, Deng Xiaoping said: "The Army, particularly the leaders of the Military Commission and the leaders of the various military regions and armed services should at no time and under no circumstance allow any individual to put himself above the Party Central Committee and the Central Military Commission. The Party commands the Army and the Army obeys the Party—this is the glorious tradition of the People's Liberation Army and the fundamental guarantee of the people's cause." Deng added: "At present, there is only one yardstick to measure the Party character and organizational character of the leading cadres of the Party, government, and Army, and that is: Do they obey the command of the Central Military Commission with Comrade Jiang Zemin at the core? Whoever thinks himself clever and engages in activities outside the organization will have to be asked out of the leading bodies of the Party, government, and Army, no matter how senior his qualifications are, how high his position is, and how great his past achievements were."

The speeches of Deng and Bo attracted attention among the top cadres, with not a few maintaining that their speeches were directed at someone. Who can be the target? Can it be the "Yang family generals"?

If the Party Style Is Not Improved, Demonstrations Will Be Inevitable

Reports claimed that after the 14th Party Congress, the central authorities and the office of Deng Xiaoping received letters from central and local cadres who

exposed serious irregularities in the selection and promotion of cadres by certain Party and government cadres, with the latter engaging in abuse of power, corruption, and bribery. Some letters described this as "power exploitation and oppression under the socialist system."

In a recent talk with persons in charge in Tianjin city, Deng Xiaoping in particular mentioned the question of Party style. He said: "I have spoken on this for 10 years, but some comrades and some departments still do not pay much attention to it, that is, the question of Party style and the building of good government. Just think, can a decadent Party and a corrupt government which indulges in special privileges effectively carry out their work and wholeheartedly implement the Party's basic line?" Deng Xiaoping said to Tan Shaowen [6223 4801 2429]: "If the Party style does not show a fairly big improvement within a short period, I think that street demonstrations will occur under a given climate in a few years' time. Do you believe this?" Tan Shaowen said: "The city Party committee has seized on the work related to good government as an item on the agenda, strengthened the functions of the legal supervisory organs and administrative supervisory organs, and mobilized the media into carrying out supervision and exposures." Deng Xiaoping said: "One more thing should be added. The leadership should set an example. The people should have the right to criticize by name and expose corrupt cadres, and should be subjected to legal protection." Party Style Issue May Be Used To Rectify Top Hierarchy [subhead]

Deng's emphasis on the question of Party style in recent days has attracted much speculation, with some maintaining that he wanted to use the question of Party style as an excuse to carry out a "rectification" or "cleaning up" of the top hierarchy. This is not impossible. Regarding any changes in the top hierarchy of the CPC in the next six months, just wait and see.

Beijing Military Region Runs Motorized Exercise

OW 0201175993 Beijing XINHUA Domestic Service in Chinese 0654 GMT 26 Dec 92

[By reporters Yi Jianru (2496 0313 1172) and Chen Hui (7115 6540)]

[Text] Beijing, 26 Dec (XINHUA)—Over the past few days, a frigid wind blew across a land completely covered by snow and ice as the mammoth, long-distance winter exercise organized by the Beijing Military Region for its motorized units came to a climax.

A Red Army Division was the dominant force participating in the exercise organized by the Beijing Military Region. Some 1,000 vehicles and 10,000 men were mobilized. The objective of the exercise, held in response to the Central Military Commission's directive of regarding training as a strategic task, was to enable the motorized units to gain some experience in advancing and waging battle in bitter cold conditions. Under the

scheme of the exercise, a "Red Army" and a "Blue Army" were to engage in fierce confrontations on an ancient battlefield. Commander Wang Chengbin and other leading comrades of the Beijing Military Region were present to command the exercise. In view of the fact that high technology plays an important part in modern warfare, all participating units were given difficult assignments to accomplish in five areas: countering air raids, countering interference, defending against paratrooper assaults, night warfare, and mobile combat. In light of these assignments, the "Red Army" played the part of countering air attacks launched by the "Blue Army's" fighter-bombers and assault helicopters. The Red and Blue Armies then used electronic equipment to create interference and launch counterinterference. The "Red Army" was to come up with ways to counter the "Blue Army's" night reconnaissance from the air and on the ground. Then the two sides were to trade artillery fire to destroy each other's fortifications. The two armies' offensive and defensive maneuvers on the sprawling snow-covered wilderness created scenes that bore striking resemblance to real battles.

The exercise, which lasted several days, was conducted on a high plateau north of the Great Wall in conditions in which temperatures ranged between minus 20 and minus 30 degrees Celsius. Engineers had to be called in to remove snow to enable tanks, armored vehicles, armored personnel carriers, and all types of artillery pieces to proceed. The vast numbers of officers and men lived in tents and slept in sleeping bags. During the exercise, they also had to learn how to survive in the wilderness.

The exercise also was meant to test the capabilities of weaponry and equipment from various services in bitter cold conditions. Large quantities of light and heavy weapons were tested with live ammunition, and a large amount of information that will prove useful for motorized combat in cold weather has been collected. As a result of the exercise, commanders and commanding organs at all levels also have improved their capability in commanding troops in bitter cold conditions.

General Commemorates Marshal Liu Bocheng

HK 3012050092 Beijing JIEFANGJUN BAO in Chinese 5 Dec 92 pp 1, 4

[Article by Zhang Zhen (1728 7201), vice chairman of Central Military Commission: "Model in Implementing Party's Decisions and Central Strategic Policies—Marking 100th Birth Anniversary of Marshal Liu Bocheng"]

[Text] December 4 of this year marked the 100th birthday of Marshal Liu Bocheng, the great proletarian revolutionary, military strategist, and Marxist military theoretician. Through this article, I wish to express my respect and remembrance of him.

Marshal Liu Bocheng spent his life in the military, which took him to battles across half of China. From the

Nanchang Uprising to the War of Resistance Against Japanese Aggression in the Taihang Mountains, from the march to the Dabie Shan to the crossing of the Chang Jiang, from the liberation of the great southwest to the founding of the military academy, he made everlasting accomplishments to the cause of the people's liberation and the building of our Army. It was therefore entirely apt and appropriate that he was lauded as the "winning marshal," "indispensable general," and "Sun Wu [1327 2976] and Wu Qi [0702 6386] of the proletariat." Furthermore, he made positive contributions to the formation and development of Mao Zedong's military ideas, and had broad and far-reaching impact in the molding of military theories and academic building. His firm implementation of the strategic guidelines of the military commission and the initiative and creativity which he fully exhibited in carrying out guidelines were very outstanding and unique.

Speaking at the Seventh CPC National Party Congress, Marshal Liu stated that he "cannot command so abides by command," a statement which fully reflected his resolution to carry out the decisions of the party Central Committee and the strategic guidelines of the Military Commission. As an exceptional marshal, he not only received but also issued commands during the long years of the War of Revolution, and he perfectly integrated the resolution of obeying commands with the creativity of carrying them out.

During the land reform revolution, he first exhibited his resolution in carrying out the strategic guidelines of the Military Commission when he implemented the party's correct military line. According to the party's decision, he helped Zhou Enlai, Ye Ting, and He Long engineer an uprising in Nanchang, where he served as chief of staff of the insurrectionary army; as the general chief of staff of the Red Army, he first helped Zhou Enlai and Zhu De command the Red Army and win victory in the fourth anti-"encirclement" campaign in the Central Soviet district, which was followed by a struggle he waged against the erroneous line of Wang Ming and Li De at the fifth anti-"encirclement" campaign, where he was subsequently demoted to the position of chief of staff of the Fifth Army Group. To carry out the strategic guideline of the party Central Committee and the Military Commission about heading up north to fight the Japanese aggression, he either brought up the rear or served as the advance during the Long March, "accomplishing all his tasks, and, in particular, displaying the spirit of hard work and of carrying out orders as well as revealing his military genius in the campaigns of the Wu Jiang, the Jinsha Jiang, Anshunchang, and the Dadu He." (Zhu De, "In Honor of Division Commander Liu's 50th Birthday") At the same time, he waged a firm struggle against Zhang Guodao's line to split the party Central Committee and the Red Army, and upheld the correct line of the party Central Committee.

The eight-year long War of Resistance Against Japanese Aggression further exhibited Marshal Liu's resolute character in carrying out the strategic guidelines of the

Military Commission, as well as his outstanding skills in creativity. He firmly carried out the line involving "a comprehensive nationwide effort to resist Japanese aggression" as defined at the central authorities' "Luochuan conference" and led the reorganized 129th Division of the Eighth Route Army in crossing the Huang He and heading to the frontline against the Japanese forces. Success in the first battle to capture the Yangming castle during a night raid, another victory at a siege of the Qigen village, an ambush of enemy reinforcements at Shentouling, a raid of the Changle village...these outstanding battles opened up the initial scenario of the War of Resistance Against Japanese Aggression behind enemy lines and put in place the strategic guideline of "independent guerrilla warfare in the mountains." After the large-scale guerrilla warfare was launched, he promptly summed up a series of guerrilla tactics involving ambushes, raids, lightning raids, attack of enemy reinforcements, and severance of the enemy's communication lines. While sending out troops to mobilize the people and establishing an anti-Japanese base area with support from the south of the Taihang Shan, he also entered the plains fairly early and opened up a base area in the Hebei-Henan plains, thereby making important contributions to the party Central Committee's plan to "initiate guerrilla warfare in northern China and establish an anti-Japanese base area behind the enemy lines." Under circumstances marked by increasing frictions and sabotage to the anti-Japanese war effort by the Kuomintang reactionaries, the Shanxi-Hebei-Henan base area was always caught between the two-pronged attacks mounted by the Japanese aggressors and the KMT [Kuomintang] reactionaries, forcing Liu Bocheng to lead his forces in "fighting the tiger at the front door, and resisting the wolf at the back door." He held countless talks with hardline generals where he demonstrated his understanding of the greater significance of uniting them to fight the Japanese aggressors in terms of politics; he also refused to make military compromises with die-hards [wan gu pai 7316 0942 3175] who refused to be converted, and resolutely launched the campaigns against the die-hards in southern Hebei, Weidong [5898 2639], and Ziwu-Shelin [6961 2976 3195 2651], where he struck hard at the KMT's die-hards, safeguarded the anti-Japanese base areas, and demonstrated exemplary skills in integrating the subordination of military affairs to politics, military struggles, and political struggles. In the entire period of the War of Resistance Against Japanese Aggression from August 1937 to September 1945, Liu Bocheng led his army in "stabilizing the north by destroying the Japanese troops" and "holding down the Pingliao [1627 6697] region," setting up anti-Japanese base areas in the Taihang, Taiyue, southern Hebei, and other places successively. The troops in the entire region grew from fewer than 10,000 men to 300,000-strong and formed the biggest anti-Japanese base area behind enemy lines with a 400,000-strong armed militia and 2.4 million population.

The resolution and creativity manifested by Marshal Liu in carrying out the strategic guideline of the Military

Commission during the War of Liberation was even more total. 1) Military conduct was subordinated to the demands of political struggles. Following the triumph in the War of Resistance Against Japanese Aggression, Chiang Kai-shek on one hand invited Chairman Mao Zedong to Chongqing for negotiations, and, on the other hand, he ordered his troops to attack the liberated areas. From September to November 1945, Commander Liu Bocheng and Political Commissar Deng Xiaoping joined hands to lead the troops in resisting attacks mounted by the KMT forces against the Shanxi-Hebei-Henan liberated areas, winning total victory first at Shangdang and then at Handan. Victories in these two major campaigns, which served as a prelude to the War of Liberation, smashed the attempt of the KMT army to control the strategic area of southeastern Shanxi and opened a path to the north via the Beiping-Hankou railway, "stopped scoring," and provided cover for the launching of our Army's northeast strategy. At the same time, they forcefully coordinated with the peace negotiations conducted by Mao Zedong, Zhou Enlai, and others with Chiang Kai-shek in Chongqing. 2) The partial interests of a campaign were always subordinated to the overall interests of the campaign. In line with the major decision of the party Central Committee and Chairman Mao to shift from strategic defense to strategic offense, Comrades Liu Bocheng and Deng Xiaoping commanded a 120,000-strong army, which crossed the Huang He on 30 June 1947. They then first initiated the southwestern Shandong campaign, "scored a victory in the Lang Shan battle and recovered the Yang Shan," and destroyed nine-and-a-half brigades of the enemy forces. This was followed swiftly by their march south via the Longhai railway, entry into the Dabie Shan, and direct advance into the heart of the enemy territory, where they threatened Nanjing and Wuhan and raised the curtain for the strategic counterattack of the People's Liberation Army. Under the harsh conditions of being far from the base area and fighting without rear support, the Liu-Deng army gladly "nibbled away at the enemy forces" and "went into four rounds with the enemy" to realize the strategic offensive and "fulfill their responsibilities to the entire country." In September of the same year, in close coordination with the Chen Yi-Su Yu army group under the East China field army, which was to attack the Longhai railway, and the Chen Geng-Xie Fuzhi army group, which was tasked with entering western Henan, they captured the plains and wiped out a large part of the enemy's effective strength in the Chang Jiang-Huai He-Huang He-Han Shui area, creating a decisive effect in reversing the war situation around the country. 3) Mapping out campaigns carefully and realizing the strategic objectives of the Central Military Commission with campaign victories. After Chiang Kai-shek launched an overall civil war in June of 1946, Comrade Liu Bocheng led his army in winning victories in campaigns in Longhai, Dingtao, Juye, Jiannan, Hua County, Ju(ye) Jin(xiang) Yu(tai), the Henan-Anhui border, and northern Henan for 10 consecutive months by applying mobile warfare involving massive advances and retreats, actually implementing the "correct strategic guideline of

principally annihilating the effective strength of the KMT, and not that of preserving territories." Our Army scored a victory in the Huai-Hai campaign, the second of the decisive, strategic campaigns waged against KMT forces. The southwestern campaigns organized and directed in the winter of 1949 carried out magnificently the combat guidelines spelled out by Chairman Mao and the Central Military Commission of taking a roundabout route to carry out encirclement from a great distance, and succeeded in liberating the provinces of Sichuan, Yunnan, Guizhou, and Xizang in a fairly short time.

In view of the aforementioned, Comrade Liu Bocheng was, in the words of Deng Xiaoping, "a model in implementing the party's decisions and the central strategic guidelines."

"Ask why the water in the canal is so clear, and the answer is that the running water stems from the source." In my opinion, the reason that Marshal Liu Bocheng was so resolute and highly creative in implementing the party Central Committee's decisions and the Central Military Commission's strategic guidelines in his 70-year long military career may be attributed to five "sources."

1. Stemming From His Firm Political Conviction

Military strategies should be subordinated to politics and serve politics. A certain military strategy will always serve the line and interest of a certain class, state, and political party. It is thus necessary that the objective of a military strategy is to achieve a certain political goal, while military commanders, particularly high-level commanders, should carry out the military strategy spelled out by a certain class and state. This is the norm in the past and the present, at home and abroad.

As a resolute proletarian revolutionary and member of the Communist Party of China, Liu Bocheng set the following demands for himself: "Endeavor to become a bolshevik and achieve this by mastering existing actual conditions in the implementation of the party's correct line; display tenacity in the midst of difficulties." (Liu Bocheng's self-inscription on his 50th birthday). He "always took the party's overall interests into consideration when thinking about issues, looked after the overall situation at all times, and subordinated everything to the overall situation. He never hesitated to sacrifice personal and departmental interests for the sake of the party's overall interests, and always voluntarily assumed the most difficult and most dangerous tasks, conscientiously overcoming all obstacles to accomplish them successfully." (Deng Xiaoping: "In Memory of Liu Bocheng") It was for this reason that he resolutely implemented the party Central Committee's guideline to head north to fight the Japanese and stated firmly when confronted by the threats and persuasions of Zhang Guodao: "Going north is the decision of the party Central Committee, and, being a Communist Party member, I, Liu Bocheng, naturally have to carry out the decision of the party Central Committee." In the second year of the War of Liberation, he and Comrade Deng Xiaoping led their

Shanxi-Hebei-Shandong-Henan field army into the Dabie Shan, where they diverted the main force of the KMT in the south and used their own struggles under harsh conditions to bring about a reversal in the other war situations around the country, standing out even more prominently as a model in the implementation of the Military Commission's strategic guideline.

As a proletarian military strategist, military theoretician, and supreme commander of a strategic area, Liu Bocheng felt profoundly that the strategic guidelines of the Central Military Commission at various stages in the history of the revolution were subordinate to and in the service of the Communist Party's line, guidelines, and basic policies, and were aimed at a new type of state power which liberates the people and establishes as well as safeguards the people's democratic dictatorship. Only by resolutely and creatively carrying out the strategic guidelines of the Military Commission and closely integrating military battles with political battles will it be possible to ensure that military conduct will not deviate from the correct political direction. During the War of Resistance Against Japanese Aggression, he clearly pointed out: One fundamental feature of our Army's tactics is "the achievement of the strategic task of resisting aggression and building the country with a clear, resolute political conviction and forceful, determined fighting style." ("Selected Military Writings of Liu Bocheng" p 214) The resolution of Marshal Liu in implementing the strategic guidelines of the military commission can be discerned within these lines.

As a comrade-in-arms of Chairman Mao Zedong who had made important contributions to the formation and development of Mao Zedong's military ideas, Liu Bocheng's attitude toward Mao Zedong's military thinking was: "Carry it out all one's life." He genuinely and deeply felt: "Only Comrade Mao Zedong's long tried-and-tested revolutionary strategic ideology which integrates Marxism-Leninism with the realities of China is the correct guiding ideology of the Chinese revolution. Only it can give strong vitality to the Chinese communist movement and powerful fighting force to the revolutionary army." (Liu Bocheng: "Recalling the Long March") Based on the positive and negative lessons and experiences drawn from the application of Mao Zedong's military theses in the Chinese War of Revolution where "compliance spells victory, and noncompliance spells failure," he gradually formed a strong sense of conviction in Chairman Mao and in the party Central Committee, cultivated the quality of resolutely carrying out the strategic guideline of the Central Military Commission as a general, and displayed his exceptional creative talents.

2. Stemming From His Correct Understanding of the Strategic Guidelines of the Military Commissions

"The new Sun Wu [1327 2976] and Wu Qi [0702 6386] of military strategy." Described as the "winning general" of the proletariat, Marshal Liu discussed military strategy in line with the strategic guidelines of the

Central Military Commission: he applied military strategy on the basis of a full understanding of Chairman Mao's strategic plans and the strategic guideline of the Military Commission. Regarding Chairman Mao's strategic thinking on "active defense" and the actual strategic guidelines formulated by the Military Commission at various historical periods of the revolution, Marshal Liu always studied them carefully, mastered them profoundly, understood them correctly, and carried them out resolutely and creatively when commanding enormous forces.

Looking at the life of Marshal Liu, his understanding of the strategic guidelines of the Military Commission was always very comprehensive and systematic, precise, and profound. In his comprehension of the strategic guideline of the Military Commission, he was able to accomplish the following: Think of politics in relation to military affairs; think of the overall situation in relation to departmental situation; think of friendly neighbors in relation to one's own department.

Think of politics in relation to military affairs: this means taking both military and political affairs into account by considering military action in line with political objectives. War is a continuation of politics. War's victories and defeats are the outcome of the comprehensive contention involving various factors on both sides, including economics, politics, military factors, and diplomacy. No military strategy can be totally divorced from politics. In the early days of the War of Resistance Against Japanese Aggression, Comrade Liu Bocheng's understanding of the party Central Committee and of Comrade Mao Zedong's plan on "launching guerrilla warfare in northern China and establishing an anti-Japanese base area behind enemy lines" stemmed from the political objective of resisting Japanese aggression for national salvation and of driving Japanese militarism out of China, and he saw the establishment of the Shanxi-Hebei-Shandong-Henan anti-Japanese base area supported by the Taihang Shan as a brilliant decision to develop and expand our party and our army through struggles, gather revolutionary forces, and build a strategic base to support a long-term struggle. He also saw it as the correct way to achieve final victory in the War of Resistance Against Japanese Aggression by mobilizing the masses and insisting on an overall resistance line. After leading the 129th Division in crossing the Huang He and entering Shanxi, he successfully directed the opening and establishment of an anti-Japanese base area by relying principally on armed struggle but also coordinating it closely with other forms of struggle. Based on the ratio of enemy forces to our forces and the prevailing realities in the local region, he creatively proposed the idea of "integrating guerrilla warfare with mobile warfare, and appropriately adjusting the proportions of guerrilla and mobile warfare," organized a form of people's war known as "guerrilla group," and carried out combat action where "our forces advance along with the enemy forces." He was thus able to expand the mass anti-Japanese guerrilla

warfare extensively and continued to score victories in military struggles, thereby consolidating and expanding the Shanxi-Hebei-Shandong-Henan anti-Japanese base area.

Think of the overall situation in relation to the departmental situation: Regarding the strategic guideline drawn up by Chairman Mao and the Central Military Commission, Marshal Liu was always able to integrate and take care of everything with his sharp strategic vision, take everything into account, understand the strategic intentions and deployment of the Central Military Commission in relation to the general and overall situation, recognize the position and effect of his situation as well as the possible impact of departmental action on the overall situation, search for and seize opportunities favorable to the overall situation, and then decide on his own action. During the War of Resistance Against Japanese Aggression, he and Comrade Deng Xiaoping went all over Taihang Shan, built the Shanxi-Hebei-Shandong-Henan anti-Japanese base area, and played an extremely important role in achieving overall victory in the resistance war. On the eve of the War of Liberation, he led his forces in assuming the tremendous responsibility of "blocking and delaying the northern advance of the die-hards' troops," which was "a serious strategic task." Right after the battle of Shangdang, he initiated the Pingliao campaign where he annihilated two entire armies of the KMT die-hards, won over one army, smashed Chiang Kai-shek's strategic attempt to advance north, and made an important contribution to the realization of the party Central Committee's guideline of "advancing northward and defending the south" with victory in individual campaigns. In the second year of the War of Liberation, to achieve the Central Military Commission's major decision to bring the war into the Chiang Kai-shek-held areas, he and Comrade Deng Xiaoping personally led a 120,000-strong army from the Shanxi-Hebei-Shandong-Henan anti-Japanese base area, where they first broke through Chiang Kai-shek's Huang He defense line and then fought in southwestern Shandong. This was followed by a difficult and dangerous 1,000-li march into the Dabie Shan. By looking at their action in their own strategic area as an important chain in the national war, they had brought about a "historic turnaround" in China's revolution.

Think of friendly neighbors in relation to one own's department: As the highest military commander of a strategic area, Comrade Liu Bocheng was always able to think of those around him in relation to his own situation, integrating everything in terms of strategies and campaigns, considering all aspects in terms of the relationship between his own situation and that of those around him, and correctly understanding the strategic guideline of the Military Commission. He described the Shanxi-Hebei-Shandong-Henan strategic area as a "four-battle zone" which shouldered the tasks of a "four-battle army" and which fought on all fronts. He also regarded the War of Liberation as a chess game involving the entire country, with the Second Field Army fighting in

conjunction with the other field armies. To realize the general strategic intentions of the Central Military Commission, he directed several outstanding scenarios in battles fought alongside other friendly forces. At the start of the War of Liberation, to support the attempt by the Li Xiannian force from the central strategic areas to break away from encirclement, counter the KMT's attack of the liberated areas in northern Jiangsu, and entice the enemy to set up defense west and south of the Huang He, he organized and launched the first large-scale attack outside the line—the Longhai campaign—since the KMT forces crossed the southern line to attack the liberated areas. In the 13-day long campaign, he wiped out 13,000 men, destroyed 300 li of railway lines, forcefully supported and coordinated with the break-away in central China, and enticed Chiang Kai-shek's main forces, including the Fifth Army and the reorganized 11th Division, which were advancing into eastern China, into returning to reinforce Longhai road. In early 1947, he led his army in a march south once more to take part in the ongoing Henan-Anhui border battle and forcefully coordinated with the East China Field Army in the latter's campaign in southern Shandong and the victory in Laiwu [5490 5617]. In the campaigns in Ju(ye) Jin(xiang) Yu(tai), Wandong [1354 2639], and Chengdu, Marshal Liu always proceeded from the overall situation and provided strong coordination to the friendly neighboring forces. His coordination with the Central and East China Field Armies in the eastern Henan and Huai Hai campaigns were classics.

3. Stemming From His Flexible

Implementation of the Strategic Guideline of the Military Commission in Line With the Practical Conditions of the Campaigns The history of war tells us that the greatness of commanders and competence of generals is closely and integrally related to the correctness of strategies and victories in the battlefields. The victory of the Chinese people's revolutionary war was the result of the unity and integration of the joint struggle waged by the great commander Chairman Mao and the large number of competent and intelligent generals under his command, the correct strategic guideline of the Central Military Commission, and the glorious successes in the different battlefields. Leading the Army across the vast land guided by the strategic intentions of the Central Military Commission, Marshal Liu proceeded from the practical conditions of the campaigns, gave full display of his mobility and creativity in combat actions, flexibly implemented the strategic guideline of the Central Military Commission, and, with the victories in the battlefields, gradually turned the attempt to seize strategic initiative into reality. While building the Taihang base area at the start of the War of Resistance Against Japanese Aggression, he successfully organized the battles of Huangyadi, Shentouling, and Changle village, and aborted the attack mounted from nine routes by the invading Japanese forces and smashed their "cage" policy, implementing satisfactorily the strategic guideline of the War of Resistance Against Japanese Aggression. The Shangdang campaign not only constituted a

major victory in the first battle of the War of Liberation, but it also coordinated forcefully with the struggles waged by Chairman Mao at the negotiations in Chongqing politically. On 9 August 1946, following the outbreak of a comprehensive civil war, Mao Zedong in his telegram to Liu Bocheng, Deng Xiaoping, Chen Yi, and Su Yu proposed: "If the Liu-Deng army can occupy the Bianxu line as well as a dozen of cities in eastern Henan and north of the Huai He and destroy two to three brigades of the enemy forces" "within the month of 10 August to 10 September," "then this will greatly benefit the overall situation." ("Selected Military Writings of Mao Zedong" domestic edition, page 289). The result was that by 8 September, the Liu-Deng army had successfully waged the Longhai and Dingtao campaigns, annihilated six enemy brigades (divisions) with a total of 30,000 men, and occupied some 10 cities, realizing Chairman Mao's demands with plenty to spare. On 12 September, Yanan's JIEFANG RIBAO published an editorial entitled: "Chiang Kai-shek's Army Is Bound To Fail," describing victory at the Dingtao campaign as another major victory following our Army's successful breakaway from encirclement in central China and the great victory in central Jiangsu. These three victories played an important role in reversing the situation in the southern frontline of the entire liberated areas.

Marshal Liu always overcame the enemy and achieved victory in the campaigns by his thorough analyses and insightful understanding of the series of combat guidelines and principles defined by Chairman Mao, and then maneuvered the various political groupings in the battlefields based on the practical conditions there. Regarding the principle of "concentrating forces of absolute advantage in each battle," he articulated its true meaning by using the popular example of "getting one man to strike three enemies, pull in three men to strike at one enemy at one time," winning many battles where his forces were numerically inferior to the enemy troops. Regarding the principle of usually choosing weaker opponents as combat targets, he mastered its dialectical relationship with the following philosophy: "The weak points of the enemy will make the strong weak, and the strong points of the enemy will turn the weak strong." This proved effective in eliminating the targets at every battle. On the guideline of destroying the enemy's effective strength as the principal objective, he achieved this with great success, thanks to his profound understanding that "positions can be recovered after they have been lost as long as men are preserved; both men and positions will be lost if men are lost but positions preserved" and his successful application of mobile warfare. In just three months of combat inside the liberated areas during the War of Liberation, he won a tremendous victory by destroying 60,000 of Chiang Kai-shek's men in exchange for evacuating from 17 empty cities in Hebei-Shandong-Henan.

The brilliant commanding skills and exceptional battle direction techniques of Marshal Liu may be attributed to his departure from the practical war conditions at all

times. He conducted in-depth investigation and research, deployed generals and troops, displayed astuteness and resourcefulness, mastered the "five techniques of the trade" (task, enemy situation, own situation, geography, time), and applied strategies and techniques flexibly. He knew the enemy inside out and deployed troops according to enemy situations; he diversified his combat tactics and never repeated them. Take for instance the guideline on carrying out a war of annihilation: he conquered Pingliao with the "cat-and-mouse tactic," fought the Longhai campaign with "lightning strikes and deep penetration," took Hua County by "striking at the heart of the heavily-reinforced enemy force," and won at Ju(ye) Jin(xiang) Yu(tai) by "removing the firewood from under the cauldron." All these were excellent examples of his insistence on seeking truth from facts in directing battle campaigns.

4. Stemming From His Emphasis on Drawing Conclusions and Mastering the Law of Directing Wars

The resolution and creativity that Marshal Liu exhibited in carrying out the strategic guidelines of the Military Commission benefitted from his earnest and adept conclusions of battle experience and his elevation of such conclusions to theories as well as from his mastery of the laws of military affairs. I remember an oft-repeated statement of Marshal Liu at the Nanjing Military Academy: "Experience is like a pile of loose coins and theory like a coin string. To sum up all experiences and elevate them to theories is to string together the coins. Only then can you claim to have the capital, that is, the integration of theory with practice." From this graphic example, one can see Marshal Liu's profound understanding of conclusions of practical experience. Through the years, once a battle or campaign was completed, he would promptly and earnestly draw conclusions from the battle experience and then report them to the party Central committee, to Chairman Mao, and to the Central Military Commission as well as disseminate them to the troops. During the second revolutionary war in China, he wrote many articles summing up the experiences drawn from guerrilla activities in the Central Soviet districts. In May 1934, he wrote the article: "Problems To Be Resolved by the Guerrilla Forces at Present" while undergoing treatment in the hospital. During the War of Resistance Against Japanese Aggression, he drew prompt and comprehensive conclusions on battle experiences drawn from many major battles and campaigns with dozens of important and systematic military writings such as "Guerrilla Warfare and Mobile Warfare" and "Review of Current Tactics." In 1945, on the third day following the conclusion of the Shangdang campaign, he wrote the "Conclusion of the Shangdang Campaign." During the War of Liberation where battles were being fought frequently, Marshal Liu completed the proofreading and supplementary translation of the second volume of "Composite Tactics" in December 1946 under circumstances where he had led his troops to five victorious campaigns within 100 days. The RENMIN RIBAO reporter at the North China Bureau

described the endeavor as "yet another important contribution by Marshal Liu in 100 days following his annihilation of 11 brigades of Chiang Kai-shek's forces." During the entire War of Liberation, incomplete statistics claimed that he authored more than 100 guides and conclusions on tactics, battles, and combats.

Marshal Liu was always guided by Marxism-Leninism and Mao Zedong's military ideas, and, through his conclusion of personal combat experiences, gathered the wisdom of the masses and elevated them to theories. The ways of overcoming the enemies and winning victories which he proposed and the many famous combat principles which he summarized were the outcome of his mastery of the law of directing wars, particularly the law of combat. In 1942, he wrote the "Military Conclusion of the Summer Campaign Against the 'Mopping Up Operations' in the Taihang Military District," which was described as the "On Protracted Warfare" of the Taihang Shan area" at that time. And then there is the one we are all familiar with: On guerrilla warfare, he presented the guideline of "striking here and there." On practical battle operations, he proposed the following recipes for victory: "Exploit one's own strong points and avoid the shortcomings to win victory and avoid defeat," "surprise the enemy by attacking it when it is least prepared," "expand mobility to seize the initiative," "fighting by small units should be coordinated with fighting by the main forces; guerrilla warfare should be coordinated with mobile warfare; the principal offensive direction should be coordinated with the suppression direction," "attack the object of enemy reinforcements and destroy its reinforcement troops; attack the enemy at the withdrawal route and destroy the withdrawing troops," and "attack the enemy at an isolated point to draw enemy reinforcements and wipe out the forces in this way." All of these greatly enhanced Mao Zedong's military ideas, provided strong direction of actual combat operations, and ensured the implementation of the strategic guidelines of the Military Commission.

5. Stemming From His Tireless Spirit To Learn

Since the old days, people always used the word "learn" in assessing generals, as they place the emphasis on the word "learn." "Learn" means the following: 1) Learning and knowledge; 2) the path toward obtaining knowledge; and 3) the way of learning, or study habits. Marshal Liu was the embodiment of knowledge, diligence, and excellent study habits.

Marshal Liu's vast learning was universally acclaimed. Comrade Deng Xiaoping described him as "the great intellectual and military strategist of our party and our Army," and "one of very few both at home and abroad who can boast of his techniques on military command and knowledge of military theories." He encouraged himself by telling himself that "learning will always bear results and vice versa," expanding his knowledge of things foreign and Chinese, old and new. From Marxism to Mao Zedong Thought, from politics and military affairs to economics and foreign relations, from China's

art of war to foreign military writings, he studied them diligently, turning himself into a proletarian military strategist who was proficient in Marxism-Leninism, the art of war, and military strategies. His outstanding skills in military command grew out of his vast and profound knowledge and learning.

Marshal Liu was also much applauded for his diligence in learning. Vast knowledge comes from diligence. Through long years of fighting side by side with Marshal Liu, Comrade Deng Xiaoping described him as a "model of the diligent and tireless quest for learning." Old Marshal Chen Yi wrote a poem praising him for his "diligent study into the late hours of the night." Indeed, his diligence was touching. He pushed himself with the spirit of ancient scholars by "hanging his head to avoid falling asleep" and "jabbing his legs to keep awake," often "getting up at the break of dawn" and holding fast to his books and studying very hard; during the war years, he seized every minute to carry on with his studies deep into the night; ignoring his poor eyesight, he often studied tenaciously with the aid of a magnifying glass. The master musician from the Jin Dynasty, Shi Kuang, of the Spring and Autumn Period, was described in the following terms in the book, "Tales From the Emperor's Garden—On Character-Building" [shuo yuan jian ben 6141 5373 1696 2609 This is a 20-volume narrative history from the early Qin to the Han Dynasties, with emphasis on Confucian political ideas and concepts]: "Being studious at a young age is like the early morning sun; being studious at an adult age is like the sun at noon; being studious at an elderly age is like the luminous light from a candle." Marshal Liu was studious at a young age, at an adult age, and at an elderly age; he was studious all his life.

Marshal Liu's diligence was universally applauded. When Comrade Liu Bochong celebrated his 50th birthday, Comrade Deng Xiaoping praised him for "not paying special attention to theoretical study, but for paying special attention to the integration of theory with practice." This was the most precise and insightful conclusion on Marshal Liu's diligence in the study of Marxism; it was also the distinctive quality of his scholastic pursuit. In light of his political responsibility and the demands of his tasks, Marshal Liu maintained that "it is necessary to learn war from war" and integrated study with application very effectively. He often repeated this quotation: "Theory which is divorced from practice is dead theory; practice which is divorced from theory is blind practice." In particular, he stressed that in integrating theory with practice, it was necessary to: 1) oppose dogmatism, that is, "dead theory"; and 2) to oppose empiricism, that is, "blind practice." Marshal Liu was an example of satisfactorily integrating Marxist military theories and Mao Zedong's military thinking with the conduct of war, presenting many unique principles of fighting and combat methods which enriched Mao Zedong's military thinking. Through his tireless studies, particularly when he was the president and political commissar of the military academy, Marshal

Liu summed up much invaluable study experience and proposed a series of unique but effective study methods. For instance, his thinking on scholastic pursuits about "learning politics together and each specializing in his or her respective fields in order to become both statesman and professional," his mass line on running the academy where "everyone is a president of the academy," borrowing from Confucius's "being learned in literature and being restrained by etiquette," he proposed a scientific way to study military science, where it is necessary to be "both learned and refined, being restrained by Marxist-Leninist military science." This was an attitude of never being satisfied, marked by "a sense of insufficiency with what is learned and a continuing hunger for what has yet to be learned," the demand to be "succinct and steady, and an opposition to extravagance and boastfulness," and others. Recalling all these teachings today, they appear fresh and endearing!

Today, under the leadership of the party Central Committee with Comrade Jiang Zemin at the core, the entire party, the entire Army, and the people of all nationalities in the entire country are carrying out the spirit of the 14th party congress intensively and advancing proudly along the road of building socialism with Chinese characteristics. Commemorating the 100th birthday of Marshal Liu at this time, remembering his glorious achievements, studying his military theories, and learning from his moral example—these are very significant in implementing the guideline spelled out in the political report of the 14th party congress, that is: "To take the path of building an army with Chinese characteristics in line with Comrade Deng Xiaoping's idea on army building in the new period, and transform the People's Liberation Army into a strong, modern, regular, and revolutionary army."

Economic & Agricultural

'Fierce Struggle' Over Economic Plans Reported

HK0101043093 Hong Kong SOUTH CHINA
MORNING POST in English 1 Jan 93 p 8

[By Willy Wo-lap Lam]

[Text] A fierce struggle has broken out among Chinese Government departments and factions over the revision of the Eighth Five-Year Plan (1991-95) and the 10-Year Economic Blueprint for the 1990s.

During his tour of southern China early last year, patriarch Mr Deng Xiaoping indicated the plan and blueprint, which had already been passed by the National People's Congress (NPC) a year earlier, had to be revised in light of the need to speed up reform and economic growth.

Mr Deng instructed that the growth rate be adjusted to over 10 percent from six percent, and more market elements be incorporated.

The patriarch also indicated that moderate leaders led by Vice-premier Mr Zhu Rongji would be put in charge of revision work.

In the past month, however, central planning-oriented bureaucrats led by the Prime Minister, Mr Li Peng, have taken advantage of the need to cool down the overheated economy to seize the initiative.

In an interview with the magazine CHINESE ELITE [ZHONGHUA YINGCAI], Mr Li said the revision of the plan and the blueprint "is being assiduously carried out by the State Planning Commission (SPC) in conjunction with other ministries and commissions".

The Prime Minister said the new versions would be ready for approval by the NPC this year.

On the "guiding principle" for the revision work, Mr Li said: "On the one hand, we must seize the opportunity and fully develop the enthusiasm of various sectors ... to speed up the pace of reform, the open door policy and modernisation construction.

"On the other hand, we must advocate a speed that is based on efficiency."

Political sources said Mr Li, who had in the summer and autumn ceded much of his powers over the economy to Mr Zhu, had regained a dominant say in this area.

Until November, the sources said, it was assumed that the "super-agency" Economic and Trade Office, led by Mr Zhu, would take charge of the revision of the plan and blueprint.

Moreover, the State Commission for the Reform of the Economic Structure, which is headed by Mr Zhu's ally, Mr Chen Jinhua, would also have an input.

The sources said a sign that Mr Zhu was encountering difficulty was that Mr Chen failed to get a promotion at the 14th Party Congress last October.

"If Li Peng's words reflect the reality, the SPC has made a resounding comeback," a Beijing-based economist said.

He pointed out that it had been decided before the congress that the SPC would be reduced in size and importance, and that it would be downgraded from a policy-making unit to a think-tank.

The economist feared that if the revision of the blueprints had come under Mr Li and the SPC, they would emphasise a cautious growth rate and "macro-level control by the state".

In its editorial today, the People's Daily [RENMIN RIBAO] reflects the conservative turn in economic policy-making by underscoring the importance of "strictly controlling the economic volume and strengthening macro-economic regulation".

Echoing Mr Li, the paper said economic development must be based on "improvement of quality, upgrading (the economic) structure and better performance".

Deng 'Concerned' by CPC Differences on Economy

HK0301060593 Hong Kong HSIN PAO in Chinese
1 Jan 93 p 8

[Article from the "Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) written in Beijing on 29 December 1992: "Deng Xiaoping Urges the Conservatives Not To Make a Fuss"]

[Text] The CPC Central Committee and the State Council convened several conferences to discuss economic work toward the end of 1992; those covered by the press include the conference on planning held in Beijing 14-18 December 1992 and the six-province (Hunan, Hubei, Jiangxi, Anhui, Henan, and Sichuan) discussion meeting on agricultural and rural work held in Wuhan 24-25 December. Both conferences shared the theme of assessing the 1992 economic situation and giving guidance to economic development in 1993. They stressed the need to guard against a resurgence of inflation and to avoid overheating the economy under the current good situation. They urged working hard for sustained economic growth in 1993, upheld the foundation and strategic role of agriculture in China's economic and social development, and affirmed that agriculture should not be neglected under any circumstances; it should be augmented, not weakened.

According to a source in Beijing, the CPC Central Committee and the State Council convened a conference for Political Bureau members and state councillors on 17-18 December. Central Committee General Secretary Jiang Zemin, State Council Premier Li Peng (concurrently CPC Political Bureau Standing Committee member), Qiao Shi, and Zhu Rongji presided over the conference, which summarized the 1992 economic situation and discussed the second draft of the government work report to be submitted to the Eighth National People's Congress in spring 1993. The chief spirit of the three conferences mentioned above was precisely the common understanding reached during debate at the conference for Political Bureau members and state councillors. At the meeting, Vice Premier Yao Yilin launched an attack against Zhu Rongji, saying that the latter had been reckless and leftist in thinking, which resulted in an overheated economy. Zhu Rongji took part of the blame but did not accept the charge of overheating the economy in 1992. For his part, Deng Xiaoping, who administers the state from behind the scenes, said that there was no need to "make a fuss over nothing," and "make much ado about nothing" regarding the current economic condition and encouraged the removal of roadblocks to enable Zhu Rongji to push the market economy forward.

Yao Yilin Launched an Attack Against Zhu Rongji

The source also said that, at the meeting for Political Bureau members and state councillors, Both Yao Yilin and State Councillors Cheng Junsheng and Wang Bingqian believed that special attention should now be paid to guarding against a repetition of the "Great Leap Forward" craze. Yao Yilin said: We should soberly see the trend of a repetition of the "Great Leap Forward" craze; some leading comrades—from the central authorities to the level of localities—are being reckless; they have turned a deaf ear to opposing opinions, have not been able to tolerate criticism, and have been labelling those who criticize them as being conservative and opposing reform. He added that this reflects a "leftist" ideological trend in the present economic arena. Wang Bingqian said: "I would like to highlight the craze for arbitrarily revising economic indexes, for the construction of special economic zones and development districts, securities, real estate development, importing, capital construction, joint ventures with Chinese and foreign investment, and credit loans.... Leading members should have a pretty good idea whether such a craze represents the normal enthusiasm for economic development or is actually blind and radical zeal."

In fact, when Li Peng visited Vietnam at the end of November, Yao Yilin got in touch with responsible persons from almost 10 ministries, commissions, and offices—including the State Planning Commission, the Ministry of Foreign Economic Relations and Trade, the People's Bank of China, the Auditing Administration, and the State Council Department of Policy Research—to lodge a complaint with Jiang Zemin and the Political Bureau against individual State Council leading member Zhu Rongji for being reckless and failing to promptly check the tendency for boasting and exaggeration—found from the central authorities to the level of the localities—which led to overheating in the economy.

Responding to Yao Yilin's censure, Zhu Rongji responded at the conference: "I am charged with the State Council work in production and economic development, and I am responsible for some problems and shortcomings in the work in these arenas. The craze for securities, real estate, and special economic zones shows that there is still room for improvement in our work, and I should bear responsibility for that. However, the general situation is healthy. Profound changes have taken place in the economic mechanism and social structure; the centrally planned economic structure has basically disintegrated; and the socialist market economic mechanism is taking shape."

He added: There is ample supply in the market, and the pattern of general social demand and supply basically being balanced with some surplus remains unchanged. This being the case, generally speaking, we cannot come to the conclusion that China has overheated its economy this year (1992.) [parentheses as published] Vice Premiers Zou Jiahua, Tian Jiyun, and State Councillor Song Jian expressed support for Zhu Rongji's viewpoint.

The Problems of "Three Differences" and "Three Bureaucrats" [san guan 0005 1351]

The sources said that, in discussing the second draft of the government work report at the conference for Political Bureau members and state councillors, differences surfaced on three issues, specifically: 1) What proportion of the economic growth rate would fall in line with national conditions? Some insisted on 8 percent, some proposed 10 percent, and others 12 percent. 2) Whether such phrases as "prevent" or "guard against overheating" should be written in the report and whether all sorts of phenomena indicative of overheating should be listed. Some believed that they must be explicitly reflected, while others insisted that this was a temporary phenomenon and should not be dealt with as a theme. 3) How should the building of the socialist market economy be promoted? Some believed that it should proceed in an orderly and systematic way; the program should not be pushed forward too quickly. Others believed that the conversion of the mechanism should be accelerated and actively pushed, as the conditions are basically ripe.

The issue of "bureaucratic racketeers," "bureaucratic shareholding" [guan gu 1351 5140], and "bureaucratic capitalists" was also discussed at the conference. State Councillor Li Tieying believed that the "three bureaucrats" already have an objective existence and have had a very negative influence outside the party; the issue must be faced directly. Yao Yilin said that Shenzhen's "9 August" stock issuance scandal was essentially sparked by "bureaucratic shareholding." Participants in the conference shared the view that the "three bureaucrats" should not be allowed to spread unchecked.

Regarding how to move from passivity in facing Sino-U.S. trade friction to taking the initiative in one's own hands, some urged to "directly play the China card [da zhen zhong hua pai 2092 2973 0022 5478 3654] and play it extensively and well"; others believed that the basic solution lies in developing the economy, improving product quality, and improving competitiveness.

Deng Xiaoping Believed the Conservatives Were Making a Fuss

The source also said that Deng Xiaoping was greatly concerned about the differences on economic issues in the CPC top echelon. Having read the bulletin of the conference for Political Bureau members and state councillors, he promptly made a remark at the "Deng Office," saying: "One should not be alarmed by the appearance of some symptoms and phenomena associated with an overheated economy in the course of reform, opening up, and economic development; the most important point is that the leadership strata should remain clear-headed and have a good understanding of the situation."

Deng added: "One will probably make some mistakes in the course of pursuing the socialist market economy, but one should not be afraid of making mistakes. There is no precedent, for being successful without first paying your dues. In my mind, what we fear today is that (some

people) will still cling to their old concepts, being accustomed to their critics' role. All of us are in favor of the principle of practice being the sole criterion for testing truth. In facing the principles and policies that have withstood the test of practice and that have proven to conform with the national conditions, however, some critics have not been courageous enough to change their own erroneous viewpoints and positions, and they have a tendency to make a fuss over some nonmainstream, transitional, and individual issues and phenomena."

Later, Deng Xiaoping said to Jiang Zemin and Li Peng: "Regarding those individual critics who refrain from doing substantial work and who do business according to the central line and policies, it is necessary to retire them sooner rather than later. Our four modernizations do not call for critics' being good at empty doctrines."

In fact, Deng Xiaoping talked about this point in early December. At that time, Deng made a week-long inspection tour of Tianjing, Jinan, and Qingdao on a special train. In his talks with Shangdong's leading members, he said: "In pursuing reform, opening up, and advancing the socialist market economy, we should study the experiences of advanced industrialized countries in a truth-seeking way. At the same time we should earnestly listen to opinions, criticism, and proposals from inside and outside the party. However, we hope that inner-party critics will not make much ado about nothing. The core of their criticism is simply that the line today has turned right and gone sour, and that Deng Xiaoping has committed the greatest mistake. Perhaps it will be very difficult for those people to change their old concepts. This being the case, the Central Authorities have decided that, when some comrades retire after the National People's Congress to be held next year, they should be given no official titles whatsoever."

Figures from Beijing's economic circles have indicated their belief that Deng Xiaoping was justified in disapproving of the fuss made over the current economic conditions. Mainstream opinion in these circles maintained that, although China is overheating its economy—which is by no means normal today—it is part of growth on an economic upturn. As for Deng Xiaoping's proposal to retire "those inner-party critics who are good at empty doctrines," he has actually reiterated the concept that "a correct political line should be ensured by a correct line [zheng que 2973 4292]," "in a certain sense, the key to whether the pace of economic development can be increased, and whether the country can enjoy long-term peace lies in individuals," set out during his southern inspection tour. We shall wait and see whether Deng's concept will be embodied in the Eighth National People's Congress.

Finance Minister Views Financial Deficit

HK0201071093 Hong Kong CHING CHI TAO P'AO in Chinese No 49, 14 Dec 92 p 27

[From the "China Economic News" column: "Finance Minister Liu Zhongli Views China's Financial Deficits"]

[Text] Finance Minister Liu Zhongli recently said that China's current financial deficit is not the product of economic shrinkage but stems from the tremendous pressure of demand for funds that has formed in the course of high speed economic growth. If the financial deficit lasts too long, and the amount becomes too great, it naturally will have an adverse effect on economic development. In reducing the deficit, however, consideration must also be given to the withstanding capacity of enterprises and the people. Therefore, such a reduction takes time.

Reports have indicated that Liu Zhongli also said on another occasion that the amount of China's current financial deficit is not great and is not terrible. There are two ways to solve the financial deficit problem. One concentrates on tightening financial expenditure, and the other focuses on developing the economy and increasing financial sources. Liu Zhongli is in favor of the latter.

Since he took up the post of financial minister in September of this year, Liu Zhongli has changed the Ministry of Finance's past practice of having little contact with the press, especially with overseas mass media. Shortly after he took up his office, he granted an interview to a Hong Kong newspaper. Recently, he again held a "news briefing on the 'General Financial Rules of Enterprises' and the 'Accounting Code of Enterprises'" for foreign and Chinese reporters, at which he frankly answered the reporters' questions. This has diluted the "mysterious color" of the Ministry of Finance and has increased its "transparency."

New Economic Readjustment, Regulation Policies

HK0401100293 Hong Kong CHING CHI TAO PAO in Chinese No 49, 14 Dec 92 p 27

[From the "China Economic News" column: "Relevant Departments Draw Up New Economic Readjustment and Regulation Policy"]

[Text] Relevant state departments have recently drawn up a series of new economic readjustment and regulation policies. The main contents of these policies are as follows:

- To fix limits for special loans, which involves the total scale of loans, and to make flexible distribution of credit in a bid to guard against credit inflation.
- To work out construction standards, to forbid construction of small processing enterprises below a certain scale, and to forbid construction of new high-class office buildings, auditoriums, restaurants, and hotels.
- Various localities are not to make decisions without authorization on nationally sensitive issues such as changes in grain purchase prices, but to first report them to price departments.

—In accordance with the foreign and domestic market situation, to pursue policies to encourage, limit, or ban production of products for export, and to publish catalogues of banned import and export commodities.

—To institute a system of individuals making income declarations and paying income tax, to solve the problem of unfair distribution, and to establish and improve the social security system in a bid to guarantee the living standard of the poorest people.

Li Peng on Accelerating Financial System Reform

OW3012210492 Beijing XINHUA in English 1517 GMT 30 Dec 92

[Text] Beijing, December 30 (XINHUA)—The reform of China's financial system should be accelerated to make greater contributions to the establishment of a market economy and to the development of the national economy.

Premier Li Peng made these remarks Tuesday [29 December] at the closing session of the National Finance Work Conference here, which opened on December 22.

Addressing the closing session, Premier Li said that the slow down in the growth of state revenue and the rapid rise in the state expenditure over the last few years had been unfavorable to economic development and the reform and opening drive.

The situation had been caused by the poor performance of state-owned enterprises as well as problems existing in the administration of finance.

He urged financial departments at all levels to make greater efforts in a bid to give impetus to economic development.

Reform of the country's financial sector will be centered on trying to balance the distribution between the state and firms, and between the central government and local governments in accordance with the demands of the socialist market economic system, in order to create a sound climate for the development of the market and competition among enterprises.

Light Industrial Production Recovers

OW0401044693 Beijing XINHUA in English 0428 GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—China's light industry has achieved a recovery in production, various economic indexes, export, sales and quality improvement in the past year.

The industry is estimated to have had a production value of 385.5 billion yuan (about 77 billion U.S. dollars) in 1992, 15 percent up over 1991. The export volume may reach 17.896 billion U.S. dollars-worth, 33.7 percent higher than in 1991.

The export volume of high value-added products such as machinery and electronic products has increased by 42.6 percent over 1991, reaching 4.355 billion U.S. dollars-worth.

The sales volume and pre-tax profits of the industry respectively increased by 16.5 and six percent last year.

The industry has made great efforts to promote technical upgrading and adjustment of product structure to expand its markets at home and abroad.

In the New Year the Ministry of Light Industry will strengthen its market information and forecasting services, and supervision of quality, and set up a number of special markets, according to Yu Zhen, deputy minister of light industry.

Official Discusses Freeing Private Sector

HK0401021093 Beijing CHINA DAILY in English 3 Jan 93 p 2

[By staff reporter Wang Yong: "Controls on Private Sector To Be Loosened"]

[Text] China's private economy is set to boom as the much-awaited socialist market economy is put into place.

A senior government official revealed a package of new policies yesterday that could inject a new lease of life into the sector. [sentence as published]

The idea behind the move is to place private businesses on an equal footing with their State rivals.

"We plan to remove the unreasonable caps which have hindered the development of the private economy," Ma Yuankai, a deputy director-general with the State Administration for Industry and Commerce, said in an interview with China Daily.

He said the scope of operations of the country's private businesses (including private enterprises and individuals) will be expanded.

"We will extend the same treatment to State-owned and private businesses in the same sector and location," he said.

Private businesses can, in principle, engage in all but a few industries and manufacture most commodities, he added.

He did not provide any details.

"We also will encourage private businesses to get involved in the export-oriented economy," he said.

The private sector will be allowed to set up joint ventures with overseas partners and hold stakes in other types of businesses, he explained.

For private businesses in China's economic backwaters, further preferential treatment, like tax breaks, will be available.

Ma said he based his optimism about the prospects for China's private economy on Deng Xiaoping's southern-tour speech last year which gave the go-ahead to the sector.

"If you look at the amount of money deposited last year by Chinese individuals—over 1 trillion yuan (\$175 billion)—you will find a big potential (for development of the private economy)," he said.

But he cautioned that private businesses in the country must engage more in the manufacturing and high-tech sectors to survive competition with State-owned counterparts, who are now casting off rigid central control.

Chen Jinyi, president of Zhejiang Royal Industrial Company, which produces soft drinks, embodies the thinking of a group of Chinese private entrepreneurs who are making massive investment in this direction. Chen annexed six State-owned enterprises late last year and is planning to invest in real estate, finance and textiles sectors.

Senior economists have suggested the government allow more private businessmen like Chen to come to the fore of the country's economic stage.

By the end of last September, China had 14.54 million individual industrial and commercial units, plus 120,000 private enterprises.

Ma said more than 80 percent of the individual units were engaged in the service sector, and 69 percent of the private enterprises were involved in construction, communication and other industrial projects.

"We are planning to ease the restrictions on who can go private and who cannot," he said.

One favourable condition for the development of the private economy in China, he pointed out, is the abundant supply of labour.

Expanding Foreign Investment, Trade Predicted

HK0301074793 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3 Jan 93 p 1

[By Qu Yingpu: "Trade-Boom Seeds Planted in '92"]

[Text] China harvested a bumper crop of foreign investment and trade in 1992, and both are expected to continue expanding quickly in 1993, a senior government official says.

The sharp contrast between sluggish Western markets and booming domestic markets suggests China's imports will continue to grow at a faster rate than exports, said Yu Xiaosong, vice-chairman of the State Council's Economic and Trade office.

In some sectors, said Yu, foreign investment in China may be growing too quickly.

He said that some foreign-funded projects approved in 1992 are of "low quality."

Some local governments have blindly pursued overseas projects in what seems to be an effort to put numbers up without regard for the quality of the investments being made, Yu said.

For instance, foreign investment in real estate is already overheated despite gloomy prospects, he said.

The central government has already been trying to cool down the real estate development craze by strengthening controls on the land-use rights, Yu said, adding that similar measures are expected to receive added emphasis this year.

But sectors such as real estate with low-quality foreign investment are the exception, said Yu. Overall, investment in 1992 portends purchases of advanced technology and equipment this year.

Domestic enterprises are expected to import massive amounts of advanced technology and equipment as they are forced to improve their competitive position in the nation's increasingly market-oriented economy. These enterprises are taking advantage of freedoms granted by the government in the use of foreign exchange, he said.

Entrepreneurs have become aware that, to increase export earnings, they must concentrate on improving the quality—not just quantity, as has been emphasized in the State-controlled economics of the past—of their products, Yu said.

Import growth in 1992 grew faster than export growth by two percentage points, according to the latest government projections.

The State Statistics Bureau estimates that China's foreign trade in 1992 topped \$163 billion, which was the highest in history. Of this amount, imports accounted for \$78 billion, up 20 percent over 1991, while exports grew by 18 percent to \$85 billion.

Yu said that despite the troubled bilateral relations with a couple of Western European countries, which he declined to name, China's trade with the European Community will grow sharply this year. He said imports will be especially strong.

He forecast that China's imports from Germany, Italy and the Netherlands will grow substantially in 1993 and China hopes to develop some cooperative projects involving new technology this year, he said.

Yu predicted that China's trade with Japan, stimulated by the exchange of visits this year by high-level officials, including the visit by Japanese Emperor Akihito, will boom to new highs in 1993.

He added that Big Japanese companies, which have long adopted a wait-and-see attitude about investing in China, are expected to make big moves.

South Korean investment in and trade with China will also set historical highs this year following the establishment of diplomatic relations last year.

Yu noted that China's foreign investment structure will change this year.

More overseas capital is expected to be made in China's financial, insurance and transportation sectors, he said.

According to the latest government projects, foreign investors promised \$58 billion worth of new funds for more than 40,000 projects in 1992.

Economist on Rebuilding Macroeconomic Basis

HK3112153692 Beijing LIAOWANG in Chinese No 44,
2 Nov 92 pp 10-11

[Interview with economist Li Yining by reporter Liao Ping (1675 1456); place and date not given: "Economist Li Yining on Rebuilding the Microeconomic Basis of the Market Economy"]

[Text] [Liao] At present, economists, entrepreneurs, and leading cadres from government departments in charge of economic affairs feel that it is difficult to invigorate enterprises without pushing enterprises to the market. But the question is: What kind of market traders should enterprises become?

[Li] As far as this issue is concerned, many people still remain at this stage of understanding: They assume that pushing enterprises to the market is an urgent task for deepening economic reform. If enterprises cannot compete with each other in the commodity market, obviously enterprises will not feel the pressure of market competition and will not possibly improve their economic efficiency. But it should be pointed out that pushing enterprises to the commodity market is only the first step of "pushing enterprises to the market," which is far from enough in invigorating enterprises.

[Liao] Why?

[Li] Because competition between enterprises in the commodity market is only competition between enterprises' production achievements. Pushing them toward the commodity market is just the first step, and the enterprises should be pushed toward the market for factors of production on this basis. Competition between enterprises in the market of factors will certainly exert much more pressure than competition between enterprises in the commodity market. The market of factors which we are talking about mainly refers to the market of labor, of capital, and of technology. For instance, whether or not labor can have fair competition in the market, whether or not there is a free flow of labor between enterprises, and whether or not enterprises can recruit labor who suit their needs and dismiss staff and

workers whom they regard as incompetent is precisely an expression of competition in the market of factors. In another example, when enterprises need funds, whether or not they can directly raise funds in the market of capital will be determined by the situation of supply and demand which will, in turn, affect the quality of enterprises' production and operation. Enterprises must not only take the scale of fund raising into account, but must also give consideration to the cost of capital. Enterprises which can raise the amount of capital needed in a relatively easy way and can also raise funds at relatively lower cost will be in a favorable position when competing with other enterprises, otherwise they will be at a disadvantage in competition. This is another expression of competition between enterprises in the market of factors. In another example, competition between enterprises is also reflected by the competition in the market of technology. Technology is one of the most important factors of production under modern production conditions. Whether or not achievement of new technology will be acquired often determines enterprises' future and fate. Enterprises must not only strive to acquire various new technological achievements, but must also try to reap profits by transferring their own technological inventions to others. Only when enterprises are engaged in intense competition in the market of technology can they become enterprises which truly feel market pressure and can technological progress be guaranteed.

[Liao] As far as this issue is concerned, apart from the above two views, some people in economic circles hold that it is still not enough to take competition in the market of factors as the very limit of competition between enterprises, and that it is necessary to keep advancing with a view to finally pushing enterprises to the market of property transactions.

[Li] I agree. For each and every enterprise, property transaction is an issue at a deeper level. Pushing enterprises to the market of property transaction implies that an enterprise can become a buyer of another enterprise and that it can also be bought by other enterprises. Enterprises that operate well will keep expanding through takeover activities in the market of property transaction, whereas enterprises that operate poorly will feel greater pressure due to the existence of the market of property transaction. "Take over others or you will be taken over by others." This is a warning with practical significance given to enterprises at a time when the market of property transaction exists, and enterprises will thus devote themselves to improving their economic benefits and to strengthening their competitive power. To enable the market of property transactions to develop, one of the essential preconditions is to define enterprises' property rights. Likewise, implementation of the joint-stock system will certainly facilitate perfection of the market of property transactions.

Hence, to enable enterprises to truly feel the pressure of market competition and to have more and more vigor in market competition, we must push enterprises to the commodity market, the market of factors, and the

market of property transactions. Only in this way can the enterprise operating mechanism be truly transformed.

[Liao] Now, many people still cannot fully understand the content and necessity of transforming the enterprise operating mechanism. Can you make some concrete analyses in light of the real situation?

[Li] Okay. I take the issue of commodity quality as a case in point to speak on what I understand. Market competition is not only competition of commodity prices, but also of commodity quality. A flood of low-quality commodities is an illustration of the undeveloped state of the market.

Low-quality commodities are attributed to the factors of enterprise management and of production technology. The factors of enterprise management include: enterprises do not have a strict system of quality check, enterprises lack qualified personnel for quality check, enterprises are not concerned about the issue of quality, and so on. The factors of production technology include: enterprises have obsolete technical equipment and poor product design, workers have a low level of education and technology, and so on. Different enterprises may produce low-quality commodities for different reasons. But the question is: Once the problem of commodity quality of one's own enterprise has been exposed, why do some enterprises not take measures to vigorously improve their commodity quality? Do these enterprises have sufficient pressure and incentive to improve their commodity quality? These are all related to the deep-rooted causes leading to poor commodity quality. An examination of enterprises' internal structure shows that the deep-rooted causes leading to poor commodity quality lie in the enterprise operating mechanism.

Under the conventional enterprise system, enterprises are merely appendixes of executive departments. Without a separation between administration and management, enterprises cannot be truly responsible for their own management decisions and profits and losses. Enterprises have no internal mechanism of restraint and lack incentive to develop. Commodity quality considerably affects enterprises' reputation and operational conditions, but compared with other issues which enterprises are concerned about (such as the state of fulfilling output value, the state of realizing tax and profits, and internal stability of enterprises), this is not enterprises' major concern. It is impossible for enterprises to treat commodity quality as a matter of vital importance which has a bearing on their very existence. This is because under the circumstances that enterprises have not yet developed into commodity producers truly responsible for their own management decisions and profits and losses, enterprises can only "live" rather than "die" and "survive" rather than "perish." How can commodity quality be associated with the existence of one's own enterprise?

Even viewed from the above mentioned factors of enterprise management and production technology which

directly cause poor commodity quality, the conventional enterprise operating mechanism is still the root. People cannot help asking: Why do enterprises not have a strict system of quality check? Why do enterprises lack qualified personnel for quality check? Why is enterprises' technical equipment backward and obsolete? Why is enterprises' product design poor? Why do workers have a low level of education and technology?... It is precisely the non-existence of a mechanism of self-restraint, self-accumulation, and growth in enterprises which has created low-quality commodities. If specific remedies are merely taken to deal with specific problems but no action is taken against the root cause, such a situation is likely to take shape: Today, we grasp and improve quality of a certain commodity, but, at the same time, quality of another commodity goes wrong; and the next day, we grasp and improve quality of another commodity, but quality of other commodities go wrong. If it continues like this, the problem of commodity quality still cannot be solved once and for all. Pressure suffered by enterprises and incentive created by enterprises themselves are often closely related to each other. If not much pressure is exerted on enterprises, or even no pressure exists at all, it will not be possible for enterprises to create their own incentive. On the contrary, if enterprises do not have enough incentive, or even no incentive exists at all, it is very likely that enterprises will be unresponsive and remain indifferent. It is precisely the case in regard to the issue of commodity quality.

[Liao] What, then, do you think is the greatest pressure suffered by enterprises?

[Li] It is that, in brief, enterprises are forced to go bankrupt because of poor commodity quality. It does not matter whether or not commodity quality is poor if enterprises do not worry about bankruptcy. Where do enterprises' own incentives come from? Viewed from an analysis of the economic aspect, the goal is to earn as many profits as possible and to expand the scale of enterprise production through distribution and utilization of profits. Viewed from an analysis of the social aspect, it aims at enterprises' reputation and popularity as well as at making more contributions to society. However, no matter which aspect, be it economic or social, is viewed, it is closely related to enterprises' autonomous operating position. If enterprises do not have an autonomous operating position, they will neither have adequate incentive on their own part nor enough impetus to improve commodity quality and to overcome the defects of commodity quality. With this point in mind, we can understand that in competitive trades and professions, in view of fierce competition, enterprises attach importance to commodity quality. Even in monopolistic trades and professions which do not have fierce competition or in which competition does not exist at all, enterprises will attach equal importance to commodity quality due to social pressure. This fully indicates that to improve commodity quality, it is significant for enterprises to transform their operating mechanism so as to achieve an autonomous operating

status. As far as the system of commodity quality check is concerned, maybe it is only due to strict demands made by the party in ordering goods that compels an enterprise to keep tight control over commodity quality. However, the existence of this fact is not tantamount to saying that the task of transforming the enterprise operating mechanism is not so urgent and necessary. As far as improvement of commodity quality is concerned, transformation of the enterprise operating mechanism implies that the problem will be solved at the roots and at the system level once and for all, and never will the problem of commodity quality be sometimes taken seriously and sometimes be overlooked just because of leadership changes in certain enterprises. By the same token, it will not be the case that an enterprise grasps the problem of commodity quality only when the party of ordering goods makes stricter demands, and slackens its efforts in dealing with the problem when demands are not so strict. Hence, we must not only affirm the achievements scored by certain enterprises in guaranteeing and improving commodity quality when the enterprise operating mechanism has not yet been transformed, but we should also notice that following the transformation of the operating mechanism, these enterprises will play a great role in giving an impetus to improving commodity quality.

To transform the enterprise operating mechanism is precisely to rebuild the microeconomic basis of socialist market economy and to deepen enterprise reform, thus enabling enterprises to become commodity producers which separate administration from management and which are truly responsible for their own management decisions, profits and losses. The achievements of deepening enterprise reform will be reflected when enterprises have a mechanism of self-restraint, of self-accumulation, and of growth. Enterprises will regard commodity quality as a major issue which has a direct bearing on their very existence and will set about solving their own problem of commodity quality by paying attention to enterprise management and to production technology as long as such transformation is realized.

Stock Markets To Extend to Entire Nation in 1993

OW0201135593 Beijing XINHUA in English 1336
GMT 2 Jan 93

[Text] Beijing, January 2 (XINHUA)—Public issuance of stocks might extend to all parts of China this year, as a couple of well-run share-holding companies in each of the mainland provinces will be allowed to be listed in the Shanghai and Shenzhen Stock Exchanges.

"The securities administrative authorities will allow each of the provinces on the mainland to select one or two of their share-holding companies with a good business performance to be listed in the Shanghai and Shenzhen stock exchanges within this year," an authoritative source told XINHUA.

The move is tantamount to an official go-ahead to public issuance of stocks in areas other than Hainan, Fujian and Guangdong, the only three provinces allowed to issue stocks to the general public thus far. Also, this represents part of the bid towards the establishment of a national integrated stock market.

In consideration of the progress in adopting the shareholding system, the demand of the growing stock market and other factors, the government has initially set the figure of public issuance of stocks on the mainland at around five billion yuan this year, according to the source, who declined to be named.

However, the chief task for the securities administrative authorities lies in building up and improving a sound system of regulations, so as to ensure a healthy and regularized operation of the market.

Towards this, the government will launch a set of temporary rules on the issuance and trading of stocks in the near future, putting an end to the present lack of coordination between the Shanghai and Shenzhen Stock Exchanges, turning them into an organic whole.

Meanwhile, the securities committee under the State Council and the China Securities Supervision and Administration Committee, the country's highest organs of securities administration which were both set up last October, are drafting close to 10 laws or rules on regularizing the operation of the stock market and the human behavior involved.

Of those, the law on stock trading has taken initial shape after being revised three times and is expected to be deliberated by the Standing Committee of the National People's Congress soon.

Those policies of the government, drawn up with a view to ensure a "positive and steady" growth, will lead to a very bright prospect for this year's stock market.

The past year witnessed the fast expansion of China's stock market, thanks to the overall economic development spurred by Deng Xiaoping's call for bolder economic reform and opening during his inspection tour to south China at the beginning of last year.

The number of listed shares in Shanghai and Shenzhen increased to 70 from less than 20 in 1991, of which 18 were B shares targeted at overseas investors. Currently the total value of stocks in the two bourses stands at over 100 billion yuan. And the transaction volume for all of 1992 is expected to reach 100 billion yuan, nearly 30 times 1991's figure.

Though the central government had planned to issue a total of 4 billion yuan worth of shares in 1992, the real issuance far exceeded the projected level, with Shanghai and Shenzhen alone floating about 13 billion yuan in shares.

A huge number of shares plus investment chances in state treasury bonds, various kinds of enterprise bonds

and real estate confronted the stock market with severe capital shortage in the latter half of last year.

Therefore, the plan to issue 5 billion yuan of stocks in 1993 is practical and reasonable, said many securities experts, who also held that the listing of stocks from other parts of China in the two official stock exchanges would facilitate easier flow of funds among different areas while making the capital structure of the stock market more "balanced".

Market analysts here predicted that share prices would be more stable in 1993, as most investors were taught a hard lesson by the drastic rises and falls of share prices in the past year.

Share price indexes in Shanghai and Shenzhen soared as high as 1,400 points and 700 points respectively in early July last year after the government lifted control on share prices in Shanghai in May. Then they plummeted to a record low of 380 points in Shanghai and 170 points for Shenzhen in mid-August. An estimated 60 percent of private share-holders were believed to suffer a heavy loss during the three-month bearish market from late July to mid-November.

To stabilize share prices and avoid the market becoming too speculative, the government will encourage the entry of public funds such as those for pension and social securities into the stock market.

The State Commission for Restructuring the Economy is considering setting up a mutual fund which will be composed by staff workers of government departments.

Foreign Exchange Management Reform Planned

HK0201064093 Hong Kong CHING CHI TAO PAO in Chinese No 49, 14 Dec 92 p 27

[From the "China Economic News" column: "Foreign Exchange Management To Undergo Major Reform"]

[Text] According to a relevant person, China's foreign exchange management structure will undergo a major reform next year. The core of the reform is to abolish the method of retaining a certain quota of foreign exchange practiced during the planned economy and replacing it with spot exchange retention management. Meanwhile, because there are serious drawbacks in the method of administrative regulation and control regarding the distribution and use of the foreign exchange that is retained, such as the existence of numerous links, complicated procedures, and serious losses of foreign exchange, it will also be replaced with more flexible and simple economic means.

It has been learned that this reform has been discussed and implemented on a trial basis in Shanghai, Hainan, and Fujian. As of next year, the trial implementation will be popularized. In the future, all enterprises which the state has granted the right to engage in foreign trade can

retain a certain portion of spot exchange. The proportions for retaining spot exchange are as follows: 20 percent should be directly turned over to the central treasury, 30 percent to the central treasury with compensation, 10 percent to the local government, and the remaining 40 percent are to be retained by enterprises. Enterprises earning foreign exchange through the export of machinery and electrical products may retain 65 percent of spot exchange. The aforesaid proportions are all to be calculated according to net foreign exchange earning.

'Yearender' Views Economic Operations in 1992

HK0101090493 Beijing ZHONGGUO XINWEN SHE
in Chinese 0645 GMT 16 Dec 92

["Yearender" by Tian Huiming (3944 1920 2494)]

[Text] Beijing, 16 Dec (ZHONGGUO XINWEN SHE)—The year 1992 is an unusual one in the history of China's economic development.

Early this year, the "Deng whirlwind," which whipped up in the wake of Deng Xiaoping's talks during his southern China tour, engulfed the country in a very short time: the "leftist" obstacles were removed one after another; the 14th party congress defined the objective of a new market economic structure. It is difficult to sum up this series of major measures with epoch-making, milestone, and similar terms.

The encouraging economic growth in China this year has the following five features:

—The "reversal" in the relationship between consumption and production is a distinct feature in China's economic operations this year. The "imbalance between supply and demand" over the years has persistently troubled China's economic growth. Toward the end of the 1980's, people's consumption desire grew much faster than production and supply, light industrial production was faster than heavy industrial production, and the growth in the means of subsistence was faster than that in the means of production. The consequence of supply falling short of demand gave rise to panic buying on the national scale.

However, it is different this year. Investment has grown rapidly, the demand for the means of production has been brisk, and the development of heavy industry has been swift. On the other hand, the consumption of residents is relatively stable and basically there have not been great fluctuations in the relationship between supply and demand. Economic experts call this a "reversal" in the relationship between consumption and production rarely seen for many years.

—The economy has operated at a high speed, but the operation quality has constantly improved. The GNP is expected to grow over 10 percent this year, and the

growth in industrial production will exceed 20 percent. Production by large and medium enterprises have markedly accelerated, their economic returns have gradually improved, and enterprise losses have decreased.

—Reform has advanced in depth. The "regulations" on changing the operational mechanisms of large and medium enterprises have undoubtedly given the green light for state-run enterprises to change mechanisms and move toward the market. There have been bold experiments in the shareholding system, and price reform has been carried out quietly. The prices of railway cargo transport, coal, and crude oil have been liberalized step by step, the prices of grain have been raised again, but the capabilities of residents to withstand the strains psychologically and materially have greatly improved.

—The practice of opening up to the outside world has advanced in breadth. Since early this year, the state has approved some border cities in northeastern, northwestern, and southwestern China as open cities, and later permitted the cities along the Chang Jiang as well as all interior provincial cities to open up to the outside world. To date, a multidirectional and multi-level strategy of opening up cities along the sea, river, and border has basically taken shape. According to statistics in the first 10 months of this year, the country as a whole approved over 33,000 new foreign-funded projects, involving an agreed amount of \$38 billion, an increase of 200 and 300 percent over last year.

—The emergence of one economic hot spot after another is also a distinct feature of China's economic operations this year. There is a fad for stocks, real estate, the establishment of development zones, cadre engagement in economic work, tertiary industry, second professions, and so on. This indicates people's awareness in investment and is a manifestation of progress. But there should be a proper limit to the fad and it is not good to be overzealous or to run a fever.

Experts also pointed to some problems in China's economic operations to which attention should be paid. They are chiefly as follows:

—The gate for controlling credits and currency has not been guarded firmly, giving rise to the tense financial situation. After growing continuously over the past few years, bank credits have grown by a big margin again this year. With the excessive issuance of currency, the pressure of inflation has increased.

—Transport and communications have been hard pressed. Railway transport, in particular, has become a "bottleneck" restricting national economic growth. Railway cargo transport grows by only 3 percent this year, a far cry from the accelerated growth in industrial production. Insufficient power supply and excessive rise in steel prices have also drawn people's concerns.

—There have been excessive investments in capital construction, with many new projects under construction. The phenomena of some localities vying with one another in developing new projects, expanding the scale, and indiscriminately raising funds and establishing development zones have been criticized by senior central, provincial, and city officials.

—The issue of agriculture should not be overlooked. The phenomenon of "issuing an IOU" has returned, there have been recurrences of indiscriminate imposition of quotas and collection of funds in the rural areas, and the symptoms of peasants increasing their grain output without increasing their income have begun to appear.

—Although the nation's general level of commodity prices is still kept at between 5-6 percent, price rises in large and medium cities tend to be too fast, probably reaching 10 percent. The excessively rising prices of the means of production will inevitably lead to the rising prices of consumption materials. For this reason, the pressure of latent inflation cannot be overlooked.

—In the view of an authoritative person, there is something to be both happy and worried about in China's economic operations in 1992, with more things to be happy about than worried about. The aforesaid problems are ones that have emerged in the course of our advance. They merit our ample attention. However, there is no need to make a fuss, still less should we refrain from doing something for fear of a slight risk.

The method of issuing administrative orders, such as practicing retrenchment and slamming on the brakes suddenly, is no longer applicable. We should adopt a timely, appropriate, and fine-tuning method. So long as we firmly guard the gate for controlling credits and currency at the macroeconomic regulation and control level, the contradictions in the economic operations will gradually be resolved.

Labor Ministry To Expand Pension Plan Coverage

*HK0401031493 Beijing CHINA DAILY in English 3
Jan 93 p 3*

[By staff reporter: "New Pension To Cover More"]

[Text] China is working to improve the country's decades-old pension system to bring all workers under its protection and ease the heavy financial burden on enterprises.

The current pension system, adopted in 1956, covers only permanent employees at State-owned enterprises, public institutions and governmental agencies.

The Ministry of Labour plans to expand its coverage to all urban workers, including those working at privately-owned enterprises, Sino-foreign joint ventures and share-holding enterprises, sources from the ministry said.

Another major change to the current pension system is that workers will be required to participate in the new system by paying about 3 percent of their monthly salary into a pension fund, from which they will draw a pension after retirement.

The longer the workers have participated, the more they will get from the fund after retirement. And another factor which affects the amount of pension is the average income of workers, the sources explained.

At present, most workers do not pay anything towards their pension.

Those who have already retired will enjoy their current pension, and their pension will adjusted every year according to the national and regional price indexes.

As China moves towards a market-oriented economy, it will be common practice for workers to transfer jobs and to move from one region to another, therefore making it a must to adopt a standardized pension system that covers all urban workers and employees.

Labour Minister Ruan Chongwu also said at a national conference last month that a new pension system will help rationalize the flow of workers and put their hearts at ease when changing jobs.

He said that a wider adoption of the new system in the country will be listed on top of his ministry's working agenda this year and the coming years.

The system has been implemented in Nanchang city, Jiangxi Province, and Jinxi city, Liaoning Province in the past year on a trial basis. It is proven to be well accepted among enterprises and workers.

Ruan said his ministry and its local branches, which are authorized to manage the fund, have established supervision agencies to guarantee the proper use of the money, considered a "guarantee" for retirees.

Petrochemical Corporation Exports Increase

*HK0401030393 Beijing CHINA DAILY in English 3
Jan 93 p 2*

[By staff reporter Xiao Wang: "Sinopec Records Export Increases"]

[Text] Spurred on by new markets overseas, China's largest petro-chemical group posted steady export growth last year.

Officials from the China Petrochemical Corporation (Sinopec), which groups together major petrochemical plants in China, revealed yesterday that the group's exports through its own trading companies in the first 11

months of last year reached \$252 million, a marginal increase over the 1991 corresponding period.

The officials estimated the group's exports for the whole year would top \$265 million, compared with the 1991 figure of \$254 million.

They explained the increase has been achieved against a higher purchasing price for petrochemical products at home.

The China Petrochemical International Company (Sinopec Int'l), the foreign trade watchdog for Sinopec, has managed a steady increase in exports since it was allowed to deal with all petrochemical products, except crude oil and refined oil, a few years ago.

More recently, Sinopec's four subsidiaries (all are large petrochemical complexes) have been approved to import crude oil for export-oriented processing for the first time.

Officials said major products, including base oil, paraffin wax, petroleum coke and mixed benzene, had seen especially good export performances last year.

New markets have been opened in Latin America and the Commonwealth of Independent States, in addition to traditional markets in Hong Kong, Japan and the United States.

In another development, Sinopec's import contractual value, mainly through Sinopec Int'l, reached \$1.12 billion in the first 10 months of last year (figures for the period through November was not available).

Petroleum Corporation To Expand Foreign Ties

HK0301073293 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3 Jan 93 p 1

[By Chang Weimin: "State Energy Firm Harbours Global Ambition"]

[Text] The China National Petroleum Corporation (CNPC), which has visions of becoming an internationally competitive conglomerate, plans to organize a subsidiary to specifically work with foreign petroleum developers.

Analysts say this step suggests large-scale co-operation with foreign firms in the future.

Business Weekly has learned that some of the world's main oil firms are closely following CNPC's strategy to open interior, oil-rich areas to foreign exploration.

That suggests any moves CNPC takes on that matter will elicit an immediate response from the world's big oil companies.

A senior official from CNPC last week said his firm has decided to open hundreds of thousands of square kilometres in North China for joint oil exploration and development with foreign firms.

The areas to be opened will be divided into blocks and allocated through an international bidding system.

The official said CNPC will auction the blocks one after another.

Co-operation with foreign oil firms in South China is also expected to be expanded.

The official revealed that CNPC is expected to reach an agreement soon with an unnamed foreign firm on oil exploration in South China.

CNPC has already signed deals with Amoco Corporation and Santa Fe Energy Corporation of the United States, New Zealand's Petrocorp, and Royal Dutch Shell Group for oil exploration and development in 11 South China provinces.

CNPC's international business company will also do business overseas, including buying and developing oil-fields in other countries on its own and with foreign firms.

The official did not say which nations the firm will target.

China's petroleum industry has the necessary technology and professionals to expand its business overseas, he said.

He said China is confident of winning international bidding on petroleum exploration and development projects in other nations.

China produced 142 million tons of crude oil in 1992. Of that, 12.6 million tons came from oilfields in Northwest China, compared with 11.4 million tons in 1991.

CNPC officials were delighted with the production increase in Northwest China.

Officials said that oilfields there, including the oil-rich basins of Tarim, Turpan-Hami and Junggar in Xinjiang Uygur Autonomous Region, have once again proved they are likely to be China's major oil-producing areas in the future.

CNPC's senior officials and hundreds of experts will gather soon in Xinjiang to discuss plans for speeding up oil exploration and development in the three basins.

Zhou Yongkang, CNPC's vice-president, said his firm was successful in 1992 in stabilizing production in existing oilfields in North and Northeast China.

Daqing in Northeast China, which has been the country's largest oilfield for decades, produced 56 million tons of oil in 1992, 250,000 tons more than in 1991.

Coal Corporation To Release Price Controls

HK0301070093 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3 Jan 93 p 1

[By Wei Min: "Coal Prices To Be Freed Up This Year"]

[Text] The China National Coal Corporation (CNCC), which has been producing red ink for decades but expects to become profitable within five years, plans to allow coal prices to rise to market levels.

In 1993, prices for 190 million tons of coal, or 57 percent of the year's production total, will be allowed to float with the market.

Coal prices, under government control for decades, have been low, while prices of raw materials used in mining such as steel, wood and electricity have been on the rise.

In 1992, CNCC with approval from the central government, freed the prices of 73 million tons of coal, or 20 percent of the year's production.

Thanks to price reform, CNCC for the first time cut losses by 500 million yuan (\$86 million) in 1992.

CNCC cannot wipe out its losses instantly, but will certainly reduce them by 1995, company officials said.

Wang Senhao, CNCC's president, urged coal mines to improve their efficiency by stressing technical progress.

The Yanzhou Coal Mine in Shandong Province is an example of a CNCC enterprise that has made considerable technical progress.

Latest reports from CNCC say Yanzhou Mine, with reserves of 3.6 billion tons of coal, has won the 1992 State-level special award for its advanced engineering technology. The award is the country's highest honour in the coal mining industry.

Experts from CNCC and the State Science and Technology Commission say the award-winning technology has helped China achieve a level of sophistication on a par with industrialized countries.

With this technology, three mines, each designed to produce 3 to 4 million tons of coal a year, were constructed under difficult geological conditions. Construction costs were reduced by 167 million yuan (\$29 million).

Annual production at the mine, which was completed in 1989, has increased by 600,000 tons every year since then, reaching 12 million tons in 1992.

CNCC officials spoke highly of the award-winning technology, saying the high-quality construction of Yanzhou Mine has guaranteed a reliable supply of coal to east China, where fast economic development is pushing up the demand for energy.

The officials said they hope Chinese companies, with the award-winning technology behind them, will win more coal-mine construction projects overseas.

'Steady Increase' in Steel Imports Predicted

HK0301080593 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 3 Jan 93 p 1

[By Wang Yong: "Steel Imports To Remain High Through 1993"]

[Text] China's steel imports will continue to spiral upwards in 1993 despite growing domestic output.

A senior official from the country's largest steel-trading company has forecast a steady increase in steel imports in the first half of this year, fueled by a buoyant national economic growth.

"The import of construction steel in particular will soar," said Li Yihao, Vice-President of the China National Metals and Minerals Import and Export Corporation (Minmetals).

He attributed the spiralling demand to the infrastructure construction boom that has gripped the country.

China churned out a record 78 million tons of steel in 1992, but Li said both the amount and variety lag far behind domestic demand.

Deformed bar, steel billet and wire rod are among the most-needed products, he said.

The import of these three types of steel increased by more than 40 percent in 1992 compared to a year earlier, he added.

Such high-grade steel products as cold-rolled steel sheet, galvanized sheet, tinplates and silicon steel are also on the top of the import list.

Li Predicted China's total steel imports in 1992 would top 6 million tons, by far the largest figure in recent years.

That compares with the 1991 figure of a little bit over 2 million tons.

Minmetals handles 70 percent of China's steel import business.

"China's buying spree has enlivened the world's sluggish production and sales of construction steel," Li said.

The current international CIF (cost, insurance and freight) price for construction steel has risen to above \$300 a ton from \$265 as a result of hectic importing by China.

"But the international steel industry remains stuck in the doldrums on the whole as Western economies continue to teeter," Li said.

South Korea and Japan are turning to China for steel sales as their major markets in the United States and the former Soviet Union have reported a slowdown of imports due to slow economic recovery or setbacks.

A subsequent low world steel price has proven favourable for China, Li said.

But he cautioned that a possible continuous depreciation of the renminbi against the U.S. dollar would hurt Chinese importers.

Some trade analysts are also worried about a possible contraction in China's national economy if it becomes overheated.

That would brake the momentum in steel imports, they said.

But Li painted an overall rosy picture for China's steel imports in the near future.

He predicted imports from Japan would increase in 1993 with prices lower than ever.

His company sent a delegation to Japan last month to nail down China's steel import volume for the first half of this year. He said prices for most of the varieties have been reduced.

He said Japan would remain the leading supplier of steel and steel products for China in the years to come.

South Korea has ended runner-up to Japan in the Chinese market in the past year.

Li said China will seek diversified overseas markets for steel imports in the future.

"We're planning to buy more from the former Soviet Union, the European Community and Latin America," he said.

His company has just concluded several contracts worth a total of more than \$100 million for steel imports from Germany, the Netherlands and Spain.

He predicted China's import from EC nations will pick up rapidly this year. Steel plates and pipes will remain the major import items.

As for the erstwhile Soviet Union, China will mainly import scrap steel, billet and construction steel, he said.

Despite better prospects for imports, however, he warned that the decentralization of steel import control has cost China dearly.

He explained that too many Chinese importers have competed with each other by hefting import prices for steel and steel products.

"The government must do something to co-ordinate import prices," he said.

International Business Education System Planned

OW2612151392 Beijing XINHUA in English 1309
GMT 26 Dec 92

[Text] Beijing, December 26 (XINHUA)—China is planning to institute a new educational system of international business to serve the needs of rapidly developing foreign trade and economic exchanges.

At a seminar on international business education held in Beijing, an official in charge of school affairs, from the Ministry of Foreign Economic Relations and Trade (MOFERT), said today that as China accelerates reform and opening up, its enterprises are becoming more and more internationalized.

Hence, the official said, the original educational system of training international business personnel is not in keeping with the new condition and must be changed.

Tong Zhiguang, vice minister of foreign economic relations and trade, said at the meeting that domestic and international markets are closely interrelated and we need a large number of talented personnel familiar with international business affairs.

Foreign trade companies are engaged in a wider range of fields, which sets higher demands on the education, Tong said, the aim of the forthcoming reform in the area of international business education is aimed at building an international business education system conforming to international standards and with Chinese characteristics.

Another education official said that though the new system will share the main features of similar systems in the world, it is more internationally oriented.

The major courses of the new system are in conformity with international standards, he said.

There are four colleges of international business under MOFERT, and approximately another 120 colleges in China have departments in the area.

For a long time, the official said, it has not been an independent discipline. The graduates are generally poor in basic theory, have narrow knowledge scope and remain inflexible.

In view of this, a report presented to the seminar for consideration declared, the new system is designed to suit the newly emerging market system in China.

It must serve not only one certain ministry or sector but all the enterprises, the report stated, and teaching modes have to be changed too, more emphasis should be placed on training ability as compared to cramming knowledge.

The report said that the goal of the new system is to create international business personnel with correct political orientation, profound basic knowledge and skill, and strategic perspective.

Many reform measures in choosing courses, teaching methods and management of the colleges will be taken to achieve this goal.

The seminar, sponsored by the Ministry of Foreign Economic Relations and Trade, opened yesterday and is scheduled to conclude tomorrow.

More than 60 officials and education experts from the State Education Commission, MOFERT and some colleges attended the seminar.

GATT Information Network Set Up in Guangdong

HK0401100693 Beijing ZHONGGUO XINWEN SHE in Chinese 1232 GMT 28 Dec 92

[Text] Beijing, 28 Dec (ZHONGGUO XINWEN SHE)—All units joining the "GATT Information Network" and having paid the specified admission will receive information on China's return to GATT and will be provided with various services, including consultancy services.

This network is jointly sponsored by the State Council Development and Research Center Foreign Economic Research Department and the ZHONGGUO XINWEN SHE Guangdong Economic Information Development Center, and is concretely undertaken by the latter. The center is located at No. 737, Dongfeng Road East, Guangzhou City, and its postal coding is 510080 and contact telephone is 770007.

A meeting was held in Beijing today to discuss the information consultancy work concerning China's return to GATT. Zhu Youjun, president and chief editor of ZHONGGUO XINWEN SHE; Zhang Pan, deputy director of the State Council Development and Research Center; Li Zhongzhou, deputy director of the Ministry of Foreign Economic Relations International Liaison Department; Zhou Rixin, deputy director of the Ministry of Aeronautics and Astronautics Industry Policy and Laws and Regulations Department; and Ren Long, head of the State Planning Commission Long-Term Planning and Industrial Policy Department, spoke at the meeting and conscientiously deliberated with each other over the prospects and measures for China's return to GATT. They held that setting up the "GATT Information Network" to provide multidimensional and multi-level information consultancy services for enterprises, enterprise groups, and local governments in various localities across the country will help give play to Chinese enterprises' superiority in international competition and will help China's socialist market economy integrate with the world market at a faster pace.

It is said that from 1 January the ZHONGGUO XINWEN SHE Guangdong Information Development Center will issue and mail JINGJI XINSHI [ECONOMIC MESSENGER] to network members, covering such content as the latest information on the progress of China's return to GATT, guidance and information helping enterprises set up joint ventures and cooperate

with foreign investors, the latest classified information on domestic and overseas markets, and new achievements of science and technology and new products in China and in other countries.

Guangdong Lifts Enterprise Mandatory Planning

HK0401113893 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 21 Dec 92

[Text] Economic research institutes under planning commissions across the country yesterday called a seminar in Guangzhou on the socialist market economy. Comrade (Xi Zhen), deputy director the State Planning Commission Economic Research Center, affirmed Guangdong's and Guangzhou's notable achievements in market economic development at the seminar's opening ceremony.

Guangzhou Vice Mayor Wu Liang said at the meeting: Guangzhou has formed a set of proven planning management devices, strategic decisionmaking tools, macro-controls, planning, guidance, policy regulation, switch market feedbacks, and coordinated equilibrium suitable for its economic development. Next year, the Guangzhou planning departments' functions will undergo further change. All mandatory planning will cease at enterprises, and in its place will be guidance planning. The two-track price system for production goods will be installed, economic information and services increased, and the departments will strengthen internal research on economic development planning and economic policy, adjust production structure, regulate enterprises' behavior, and strengthen macrocontrols over society and economic coordination.

Wang Zhen Greets Hubei Power Plant Opening

OW3112144992 Beijing XINHUA Domestic Service in Chinese 0414 GMT 26 Dec 92

[By reporter Fang Zhengjun (2455 2398 6511) and correspondent Zhang Zhen (1728 2182)]

[Excerpt] Wuhan, 26 Dec (XINHUA)—The Tiantanghe Electric Power Station, Fifth Class, which is located at the southern foot of Dabie Shan Mountain in Luotian County, Hubei Province, commenced operation recently.

Vice President Wang Zhen of the PRC and Vice Chairwoman Qian Zhengying of the National Committee of the Chinese People's Political Consultative Conference sent congratulatory cables to the power station. [passage omitted]

XINHUA Notes Top 10 Securities Stories of 1992

OW0301132793 Beijing XINHUA in English 1317 GMT 3 Jan 93

[Text] Beijing, January 3 (XINHUA)—The Securities Association of China and "FINANCIAL NEWS" jointly announced here today the top ten news stories for the country's securities industry in 1992.

1. Deng Xiaoping called for bold experiments with the securities market during his tour of south China early this year, which gave a strong impetus to China's stock market.
2. The Securities Committee under the State Council and China Securities Supervision and Administration Committee were established in October to monitor the market.
3. Chaos rocked Shenzhen on August 10 when people from across the country flocked there to purchase lottery tickets which would bring them ten percent chance to buy new shares.
4. The first B share for overseas investors was listed in the Shanghai Stock Exchange on February 21. So far a total of 18 kinds of B shares have been traded in the two official stock exchanges in Shanghai and Shenzhen.
5. The State Commission for Restructuring the Economy and other four relevant government departments issued 16 documents and regulations governing the shareholding companies.
6. On January 16, Chinese Communist Party General Secretary Jiang Zemin visited the Shanghai Stock Exchange and wrote the inscription: "Develop and Perfect the Securities Market With Chinese Characteristics."
7. Three national securities companies of Huaxia, Guotai and Nanfang were established in Beijing, Shanghai and Shenzhen respectively with a view to form a unified nationwide securities market.
8. The Shanghai stock market began to pick up in mid-November following a flat period of several months. During that period, the Shanghai index plummeted to 390 points on November 10 from 1420 points in late May.
9. The first investment fund was set up in Shandong Province in November.
10. The stock of Brilliance China Automotive was listed on the New York stock exchange in October, China's first stocks listed at an overseas stock exchange.

Editorial on Agricultural Foundation

HK0101120393 Beijing NONGMIN RIBAO in Chinese
15 Dec 92 p 1

[Editorial "It Is Impermissible To Shake the Foundation of Agriculture"]

[Text] The pace of China's reform, opening up, and economic development has been markedly accelerated since the beginning of this year, with obvious results and a pleasing momentum. However, there are signs that some localities are neglecting or relaxing agriculture during development, this calls for our prompt attention.

Both history and reality teach us that under no circumstances should we be careless about agriculture, nor should we shake the foundation of agriculture.

It is primarily necessary to view the foundation of agriculture in a scientific way. In deepening reform, extending opening up, and promoting the acceleration of national economic growth today, is agriculture still the foundation? The answer is yes. We have believe that accelerating the economy is simply accelerating industrial and commercial development; some localities have even proposed the need to develop the tertiary, secondary, and primary industries in that order. Such way of thinking neglects China's basic national conditions. China has a population of 1.1 billion, the people must have food and clothing, and the striving to be comparatively well off calls for more and better farm produce. It is impossible to resolve the issue of supply by voluminous import. Industrial development relies on agriculture for raw material supply, whereas many industrial products find their market in the vast rural areas. Reality shows that in deviating from the foundation of agriculture, it is basically impossible to accelerate economic development. Should we fail to stabilize the production of staple crops, mainly grain, we will end in stabilizing nothing, while industrial and commercial development will never last long under such circumstance. Agriculture is the foundation for the national economy, as well as the entire social development during the new historical stage in China, at the same time, it is the foundation for accelerating reform and opening up as well as the comprehensive, sustained national economic development. Just as Comrade Jiang Zemin recently pointed out: "It is imperative to adhere to placing the augmentation of agriculture at top priority ... reinvigorating the rural economy in a comprehensive way."

Presently, it is necessary to correctly understand the situation facing agriculture in China. Because of difficulties in marketing some farm produce, which resulted from an increase in agricultural output in consecutive years, some comrades got the wrong idea that they could relax themselves in grasping agriculture and focus their efforts in doing a crash job to develop the secondary and tertiary industries. Viewing the whole situation, such an idea is inappropriate. The situation in farm produce supply has really been quite good over the past few years; however, the staying power of agricultural development in various places in China is quite imbalanced. In this regard, we must have a sober understanding. A comprehensive bumper harvest in agriculture was reaped in 1984. Then relaxation led to an output cut by a wide margin in 1985, and it was through several years of hard work and great efforts that the situation was eased. We must earnestly draw a lesson from that experience.

Today, several issues in the rural areas are noteworthy. First, it is necessary to resolutely and promptly settle the problem of "IOUs." This year, the phenomenon of issuing "IOUs" in grain purchase has been comparatively universal, and peasants' enthusiasm for grain production next year will be gravely dampened. It was

learned from related departments that this year the state allocated sufficient funds for purchasing farm and sideline produce; however, only less than one-third of the funds reached the grass roots. The rest was intercepted and spent in other arenas. This phenomenon has aroused the great attention of the Central Committee and State Council, and it has been decided that investigation teams be sent to various parts of the country, requiring that all "IOUs" be cashed before the spring festival. It is an important measure for the party and the state to attach importance to and augment agriculture; all places must carry it out to the letter. Regarding those people and units involved in diverting the purchasing funds, their cases should be handled. The newly allocated funds by the state must be entirely used in cashing "IOUs" to insure peasants' input of production funds. The peasants' economic and legitimate interests must be protected. In recent years, the phenomena of arbitrarily collecting funds, apportioning and overtaxing the peasants by various departments, have developed somewhat in recent years. In some places, the peasants can hardly take the burden any longer, and their enthusiasm for production and ability for developing production have been seriously jeopardized. We can now have a pretty good picture: Should such behavior of violating the peasants' economic and legitimate interests continue to develop, it will inevitably gravely jeopardize the relations between the party, government, and the peasants, and economically, it will push agriculture into another stalemate, while affecting the entire national economic development. This is by no means saying frightening things just to raise alarm. Leading comrades at all levels should establish the concept that protecting the peasants' interests is precisely to protect the rural productive force as well as reform, opening, and accelerating development; they should personally and directly grasp the establishment of a powerful supervision mechanism, and resolutely halt arbitrary apportioning under all sorts of high-sounding pretexts to overtax the peasants in order to fatten the department's purse, while cutting back the peasants' burden in a down-to-earth way according to the ceiling stipulated by the State Council. All sorts of collections for "good turns" carried out in the rural areas by various departments should be included in the management over the peasants' burden, and the principle of voluntary participation should be adhered to. With the exception of taxation and those items explicitly stipulated by the State Council, no departments should hoist the government's banner to collect funds from the peasants. From the central authorities down to the grass roots, it is strictly forbidden to resort to administrative orders and compulsory means by claiming to implement the principle from the peasants, for the peasants, under the pretext of tapping the peasants' potential without taking their burden into account to seek departmental gains—thus turning "good things" sour. And third [number as published], it is necessary to earnestly protect land resources for agricultural use, and to prize fertile land. Presently, some places are blindly pursuing "development zones," and the phenomenon has developed of encircling arable land and letting land thus encircled lie

in waste. That will have grave and far-reaching effects on stabilizing the foundation of agriculture. China has a great population and scarce arable land. The peasants and agricultural departments are doing their best to develop land resources year in and year out, and are working hard to improve the utilizing and output rates of arable land. The practice of arbitrarily occupying rural arable land will make the joint efforts in agricultural development go down the drain; consequently, the staying power of agricultural development will not be strengthened with each passing year, but will be increasingly weakened.

It is necessary to augment the government's macroscopic regulation and control in the course of agriculture advancing toward the market, insure the sustained, stable, and harmonious development of agriculture with economic means as the key, and legal and administrative means the supplement, while reducing fluctuation to insure supply and increase peasants' income. The 14-year rural reform and development have evidenced that market guidance is where the vitality of agricultural development lies. Nevertheless, we should not rest at pushing the peasants toward the market, then leave them alone, and even elbow out and overtax agriculture proceeding from the interests of all other aspects. The Central Committee and State Council have all along cared for and emphasized that the government should implement macroscopic guidance and regulation in agriculture and the policy of supporting and protecting agriculture. Even most Western countries, which pursue the market economy, adopt various protective measures for agriculture to pacify and halt the fluctuation resulting from the market and natural risks. China is in the transitional period from the planned economy to the market economy. Now China is starting to build, gradually complete, and perfect the government's macroscopic regulation and control mechanism, such as market forecast, information service, social security, developing the market organization, guiding the regulation in the rural industry setup, and building agricultural infrastructure through credit loans and financial input. The proposal to develop high-output, good-quality, and high-effect agriculture set out early this year was precisely the government's guidance in agriculture to meet the need of market development. The greatest concern of the peasants today is the price relationship between production means for agricultural use and staple crops; it is necessary to determine the lowest protection prices of staple crops based on the principle of production cost plus basic profit. The establishment of staple crops price protection and support system is the most crucial measure of the government's macroscopic regulation and control of agriculture in the wake of opening the farm produce market.

In accelerating development, it is imperative to augment leadership of the party and government in agriculture and rural work, and promptly study and resolve new problems that crop up in the course of development. Naturally, like other government departments, agricultural and rural work departments call for reform and

converting functions; however, by no means should the government's functions in organization and control over agriculture and the rural economy be abolished; some places have disbanded agricultural and rural work organizations, and everybody has left to run enterprises or do business; such a condition is noteworthy. We should indicate that with the development of the socialist market economy, agriculture as a basic industry calls for powerful government macroscopic regulation and control all the more. By no means should organizational reform in agricultural and rural work weaken—it should change the past direct planned and organized production into indirect guidance and macroscopic regulation and control, from the direct control characterized by the separation of production, supply, and marketing to the regulation and control in the direction of unified trade, industry, and agriculture so that the market can be maneuvered with flexibility to promote sustained, steady, and harmonious agricultural development.

State Council Rural Economic Reform Measures

HK0401114493 Hong Kong CHING CHI TAO PAO in Chinese No 49, 14 Dec 92 pp 26-27

[From the "China Economic News" column: "State Draws Up Five Measures To Deepen Rural Economic Structural Reform"]

[Text] The State Council has drawn up five measures for further deepening reform of the rural economic structure:

1. To gradually remove restrictions on prices of agricultural produce and to promote change in the entire agricultural produce price mechanism through removing restrictions on grain prices.
2. To speed up the process of integrating agriculture, industry, and trade; to support various local governments in their efforts to organize and develop new spheres of production, processing industry, storage, and transportation that are in keeping with local resources and market needs, and to develop and improve the rural collectivized service system in accordance with local conditions.
3. While ensuring fund allocation, bank loans, and planned investment of the existing structure, to channel large amounts of funds of rural cooperatives into economic construction; to strive to expand the international market for agricultural produce; and to give export-oriented rural enterprises relevant power to make decisions in foreign trade.
4. To actively develop foreign-funded enterprises in coastal rural areas and to make great efforts to develop border trade wherever possible.
5. To encourage the peasants and various rural economic organizations to infiltrate into the circulation field, to strive to develop countryside fair trade, and to run agricultural produce trading firms on a trial basis.

Statistics Show Rural Industry Develops Rapidly

OW0401044893 Beijing XINHUA in English 0424 GMT 4 Jan 93

[Text] Beijing, January 4 (XINHUA)—The old economic structure of China, under which farmers were mainly engaged in growing crops and urban people conducted industrial and commercial activities, has changed a lot with the rapid development of rural enterprises.

Statistics show that the total rural industrial output value in 1992 surpassed 1,000 billion yuan, marking a breakthrough in the industrialization of rural China.

Meanwhile, other industries in rural areas, such as commerce, the building industry, and transportation and services, also witnessed rapid development.

In 1987 the total output value of China's rural enterprises, an outcome of the reform and opening drive, exceeded the total agricultural output value for the first time.

At present, one out of every five rural laborers is working in a rural enterprise. Of the total national social product, that of the rural enterprises accounts for 30 percent.

In the past farmers mainly provided agricultural and sideline products to urban residents. Today, however, they also sell industrial products on urban markets and at least 10 million farmers have opened enterprises in cities. In many places in China the difference between rural and urban areas is becoming smaller and smaller with the rapid development of the rural economy.

Drought Hits Southern, Central Regions

OW3112085492 Beijing XINHUA in English 0804 GMT 31 Dec 92

[Text] Beijing, December 31 (XINHUA)—About 16.87 million people and nearly 16 million head of domestic animals in south and central China are suffering acute water shortage because of continuous drought since early autumn.

According to a report released by the national drought-control office, about 5.8 million ha [hectares] of farmland in eight provinces and one autonomous region are affected by dry spells.

These provinces and autonomous regions include the provinces of Hunan, Sichuan, Jiangxi, Hubei, Jiangsu, Anhui, Zhejiang and Guizhou, and the Guangxi Zhuang Autonomous Region.

In addition, diminished rainfall also affected the main part of major winter-wheat-growing areas in northern China.

During the 140 days between July and November, the rainfall in Hunan Province was 132 mm, about 317 mm less than the average for the same period of previous years.

The record-low rainfall since 1949 caused acute water shortage for 3.55 million people and 4.45 million head of domestic animals in the province.

About 330,000 ha of crops in the province withered and died. The province reduced its winter crops growing target by 660,000 ha because of the drought, the report said.

During mid-July and mid-December, the average rainfall in Jiangxi Province was nearly 200 mm, about 60 percent of the average for the previous years.

The report added that about 3.4 million people and about 4 million head of domestic animals did not have enough drinking water. About 660,000 ha of crops were affected.

In Hechi Prefecture of the Guangxi Zhuang Autonomous Region, about 2,000 rivers and small streams, and 4,000 pools dried up since mid-July, causing drinking water shortage for 1.2 million people, about 30 percent of the total population in the prefecture.

Each day about 100,000 able-bodied people had to carry water and some schools were closed because of the water shortage.

The report warned that the inefficient water storage in most parts of southern China, and central China's Henan Province and north China's Hebei Province will be unfavorable to crop planting next spring and the daily life of local people.

According to the report, the funds and materials for drought-control have been allocated by the provincial governments to local people, and local governments are mobilizing people to fight the droughts and minimize their losses.

Animal Husbandry Records 14 Years of Growth

OW2912090492 Beijing XINHUA in English 0754 GMT 29 Dec 92

[Text] Jinan, December 29 (XINHUA)—China's animal husbandry sector has enjoyed 14 successive years of increased growth.

It is expected that the country's meat output will reach 33 million tons this year; milk, 5.64 million tons; and eggs, 9.61 million tons. These are, respectively, 3.9 times, 5.8 times and 4.1 times the figures for 1978.

It is reported that the average per capita meat consumption was 0.9 kg more in 1992 than in 1991. Egg consumption was 0.2 kg more than in 1991, and the milk consumption was 0.2 kg more.

It is estimated that by the end of this year, the country's livestock will reach 134 million head, a 42.7 percent rise over 1978. The number of pigs will stand at 372 million head, and sheep and goats, 204 million head. These figures are 23.5 percent and 20 percent increases, respectively, over those of 1978.

According to an ongoing national work conference on animal husbandry in this capital city of east China's Shandong Province, animal husbandry has developed rapidly since the commencement of the policies of reform and opening to the outside, some 14 years ago.

This year the output value of animal husbandry is estimated to reach 286 billion yuan, accounting for 27 percent of the country's total agricultural output value.

With the development of the commodity economy, the country now has 2.14 million households specializing in animal husbandry, in addition to some large production enterprises.

The increasingly improving social service network has greatly promoted the development of animal husbandry. So far, 62,700 animal-breeding stations, veterinary stations and grassland administration stations have been set up throughout the country.

East Region

Fujian Develops Broadcasting, TV Facilities

HK0401110093 Beijing ZHONGGUO XINWEN SHE
in Chinese 0608 GMT 29 Dec 92

[By reporter Zeng Xiancheng (2582 2009 2052)]

[Text] Fuzhou, 29 Dec (ZHONGGUO XINWEN SHE)—As New Year's Day 1993 approaches, Fujian Province's broadcasting and television system will take a series of significant measures, including setting up the Chinese mainland's first broadcasting station beaming live broadcasts to Taiwan—the Southeast Broadcasting Company.

The Southeast Broadcasting Company will begin operation on New Year's Day 1993. There are also five other projects: Fujian Province Cable Television Station will officially begin operation on New Year's Day; Fujian Broadcasting Television Drama Production Center and Fujian Broadcasting Television Commercials General Company will be set up; FUJIAN GUANGBO DIANSHI BAO [FUJIAN TELEVISION BROADCASTING NEWS] will be enlarged and published in a new format of eight pages once a week; and the Fujian Television Station will start daytime programs throughout the year for the first time.

Lin Aiguo, director of Fujian Province Broadcasting and Television Department, addressed a New Year greetings tea party and news briefing held in the department yesterday afternoon: To catch up with the pace of broadcasting and television development nationwide, we are also planning to construct stations in this province to transmit television programs via satellite, striving to extend the coverage area, increase the rate of television watching, and improve the quality of TV reception. Regarding the development of broadcasting, a series of radio broadcasting channels will also be opened.

Jiangxi's Foreign Trade Amounts to \$700 Million

HK3112115592 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 26 Dec 92

[Excerpt] The omnidirectional opening up pattern of foreign trade, which faces the north, south, and east, has enabled our province to rapidly and efficiently develop economic and trade enterprises and export trade to earn foreign exchange. By the end of November, the province exported goods amounting to \$700 million, a 23.6 percent increase over the same period last year, and a net increase of \$130 million. The province fulfilled the duty of earning foreign exchange through exports assigned by the state one month ahead of schedule. [passage omitted]

Activities of Shandong's Jiang Chunyun Reported

Addresses Financial Conference

SK0201092193 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 31 Dec 92

[Text] The provincial work conference on planning, foreign economic relations and trade, and economic cooperation ended in Jinan on the morning of 31 December.

Jiang Chunyun, secretary of the provincial party committee, attended and made an important speech at the conference. Zhao Zhihao, deputy secretary of the provincial party committee and governor, chaired the conference.

Jiang Chunyun emphatically talked about four issues in his speech:

First, the issue of estimating the situation.

He pointed out: Under the guidelines of Comrade Deng Xiaoping's important talks during his inspection in south China, the CPC Central Committee Political Bureau plenary session, and the 14th CPC Congress, since the beginning of 1992, our province has entered a new stage of speeding up the economic development and has registered simultaneous increases in economic growth and economic results, secondary and tertiary industries, and import- and export-oriented economies. The economic situation is developing in a good and healthy manner. The province has made noticeable achievements. However, there are two problems that the people still concern themselves with at present: One is whether the economy is overheated. The other is whether the scale of investment in fixed assets is excessively expanded. We should specifically analyze these two problems. We must not say, in very general terms, that the rapid economic growth rate means overheating. With high quality, good efficiency, good markets, and export-oriented economy, the fast economic growth rate growing even faster does not mean overheating. We should also specifically analyze the scale of investment in fixed assets. If the scale of investment conforms to the industrial policies, the capital input orientation is reasonable, and we persist in high starting points, stress science and technology, and ensure good economic results, the industries, even larger in scale, are functioning normally. We should not only see the current good situation but also know the existing problems under the good situation. We should remain sober-headed, avoid the occurrence of the ill phenomena of arbitrarily and blindly developing new projects and duplicate projects, and ensure to keep the current good economic development situation in a long-term, sustained, and stable manner.

Second, we should put work priorities in a prominent position.

Jiang Chunyun pointed out: The year 1993 is the first year following the convocation of the 14th CPC Congress as well as the key year to implement the Eighth Five-Year Plan. Therefore, it is extremely important to achieve the work in 1993. Leaders at various levels should take the overall situation into consideration, put work priorities in a prominent position, firmly attend to the great matters relating to the overall economic results, and ensure to make noticeable achievements. First, we should further strengthen agriculture's role as the foundation of the national economy. Shandong is a large province in terms of its agricultural population. Agriculture's role as the foundation of the national economy as well as its strategic role is of more prominent importance. We must not ignore this under any circumstances. Agriculture's role must only be strengthened, not ignored. Second, we should readjust and optimize the industrial structure. This is an urgent task of vital and strategic importance ahead of the industrial front. In readjusting the industrial structure, we should take markets as an orientation, persistently pay equal attention to increasing input and relying on science and technology, accurately select breakthrough links, and strive to thoroughly transform large and medium-sized enterprises. We should speed up the pace of conducting technological transformation among town and township enterprises. We should concentrate energy on developing a group of key projects that are of decisive significance to the economic development, make intensive input, and form a group of new leading industries. Third, we should speed up the development of tertiary industry. We should continue to relax policy restrictions; decontrol management; and persistently develop state-, private-, collective-, individual-, and foreign-run enterprises; and focus on developing markets. Fourth, we should continuously exert great efforts to attend to the development of the export-oriented economy. We should positively use foreign capital and technologies to promote the development of leading industries and leading products. Fifth, we should vigorously develop science and technology and education.

Third, the issue of promoting the progress of reform and open up.

Jiang Chunyun pointed out: In the final analysis, we should rely on reform and opening up to solve our economic problems. In the coming New Year, we should work in accordance with the 14th CPC Congress guidelines and closely according to the establishment of the socialist market economic system and make new breakthroughs in emancipating the mind, changing the enterprise managerial mechanism, opening up to the outside world, conducting organizational reform, and strengthening and improving the macroeconomic regulation and control.

Jiang Chunyun finally stressed the issue of strengthening and improving leadership.

He pointed out: To elevate the economy to a new high, we should promote the leadership work to a new level.

To emancipate the mind, we should focus on eliminating the trammels of leftist and old ideas and the thinking of (small-scale) economy. We should have the courage to try all things so long as they are conducive to the standards for developing the productive force of the socialist society, strengthening the overall national strength of the socialist country, and improving the livelihood of the people. According to different actual conditions, different localities should work out different arrangements for economic development. We should correctly handle the relationship between trying our best and acting according to our capability, between speeding up development and deepening reform, between speed and efficiency, and between macroeconomic vitality and macroeconomic regulation and control; persistently attend to the implementation of policies; do solid work; and really guide, protect, and bring into play the enthusiasm of the people. We should persist in the principle of grasping economic construction, reform, and opening up with one hand and grasping the struggle against economic criminal activities with the other. We should ensure the firmly grasp of the work in these two aspects; and strive to make new, greater achievements in the new year.

Handles Work in Auto Company

SK0401044093 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 3 Jan 93

[Excerpt] Leading comrades, including provincial party Secretary Jiang Chunyun and Governor Zhao Zhihao handled official work at Shandong Auto Corporation last year. During their official activities, they stressed that our province should be determined to vigorously boost its auto industry and must have it boosted. Over the past year, the broad masses of cadres, staff members, and workers on the auto industrial front have scored marked achievements by truly grasping improvement and doing practical deeds. The front's total output value has reached more than 5 billion yuan and the front has fulfilled the second-phase target of doubling the economic plan. [passage omitted]

Shanghai Secretary Attends New Year Tea Party

OW0201092693 Shanghai People's Radio Network in Mandarin 1000 GMT 1 Jan 93

[From the "News and Weather" program]

[Excerpt] The leading cadres of the party and government of Shanghai, including Wu Bangguo and Huang Ju, happily gathered under the same roof together with over 360 personalities of various circles in Shanghai Municipality to hold a New Year's tea party today. [passage omitted]

Shanghai Witnesses High Economic Growth

OW3112135792 Beijing XINHUA in English
1233 GMT 31 Dec 92

[Text] Shanghai, December 31 (XINHUA)—In 1992, Shanghai, the largest metropolis in China, has witnessed a high growth rate in its economic development.

According to statistics, the city's gross domestic output increased by 14.6 percent during the first 11 months of 1992.

The city's sales volume of industrial products increased by 20.5 percent over the same period of the previous year; and the total industrial output value, by 21 percent while the sales of industrial products accounted for 97.5 percent of the total production.

Commodity retail, export and investment in fixed assets also increased by over 14 percent respectively.

Experts attributed the high economic growth rate of the city to the overall development of its market.

The Shanghai Metal Exchange, China's first futures market at state level, has realized a trade volume of 30 billion yuan (about 5.3 billion U.S. dollars) in accordance with international practices.

The price indices of this exchange now have profound influence on the metal prices on the national markets.

A coal market has come into being and markets for cereal and oil, petroleum, steel materials, scientific and technological results and offshore international finance are under preparation.

With the development of the share-holding system, there are more than 60 share-holding enterprises so far in the city; securities exchange expanded rapidly and soon became regularized. The trade volume of securities in the exchange surpassed 45 billion yuan in 1992.

Meanwhile, the city's real estate market is booming. It leased out more than 10 million sq m [square meters] of land in the first 11 months of the year, earning 2.1 billion U.S. dollars and 300 million yuan, which was invested in the reconstruction of the city's old areas and its urban construction.

The Pudong New Area inside the city is accelerating its development.

The 10 projects in the area with a total investment of 14 billion yuan are expected to be completed two years ahead of schedule; more than 1,200 foreign-funded enterprises had been approved in the four development zones in the area; the Waigaoqiao bonded-zone has begun its expansion from two sq km to 10 sq km.

According to statistics, the city's investment in the service trade this year accounts for 40 percent of the total, including over 10 billion yuan in its commercial trade.

This year, Shanghai approved 1,912 foreign-funded projects, twice the planned figure for this year and 4.4 times that of last year; the city has attracted 3.3 billion U.S. dollars of foreign investments, eight times that of the last year; foreign investors are continuing to pour into the city including some world famous corporations and some joint projects with investments of over five million U.S. dollars each.

With more autonomy governments at lower levels have attained from the municipal government, the newly approved foreign-funded projects and contracted investments this year increased by 20 percent and 50 percent respectively over the total of the last 12 years.

Due to the development of the Pudong New Area, 27 overseas banks, financial corporations and insurance companies opened their businesses in Shanghai, which in turn brought about a capital of 500 million U.S. dollars and two billion yuan for the economic development of the city.

Shanghai's Pudong To Build Improved Housing

OW0301111393 Beijing XINHUA in English
1039 GMT 3 Jan 93

[Text] Beijing, January 3 (XINHUA)—A number of high-grade living quarters will be built in the Pudong New Area of Shanghai in the coming few years, the Shanghai-based XINMIN EVENING NEWS reported.

The paper quoted officials with the area's administrative committee as saying that residents in the new quarters will have more public green land and living space, along with access to home telephones and civil gas supply.

Meanwhile, the Municipal Government of Shanghai will set up some public facilities so as to provide local residents with good services concerning education, health care, entertainment and shopping, as well as theaters, cinemas, libraries and sports grounds.

In education, a number of middle schools, primary schools and colleges will be established to coordinate with the appearance of these living quarters.

New Committees To Run Shanghai's New Pudong Area

OW0101143093 Beijing XINHUA in English
1359 GMT 1 Jan 93

[Text] Shanghai, January 1 (XINHUA)—New leadership of Shanghai's Pudong New Area was officially formed today to replace the establishment of Chuansha county covering the area.

The new leadership includes the working committee of the Communist Party of China (CPC) and the administrative committee of the area.

A ceremony was held here today to mark the occasion, which was attended by Wu Bangguo, secretary of the CPC Shanghai Municipal Committee, and Mayor Huang Ju.

Zhao Qizheng, who is concurrently vice-mayor of the city, was appointed chairman of both new committees.

Since April of 1990, when Pudong was made a development zone by the central government, great changes have taken place in the Pudong New Area which covers over 500 sq [square] km.

By the end of 1992, the number of domestic and overseas funded firms surpassed 1,800, with total investment of 8.53 billion yuan (about 1.5 billion U.S. dollars) and 3.23 billion U.S. dollars respectively from Chinese and foreign investors.

In the same year, the area's general national output reached 9.2 billion yuan, 50 percent more than the previous year.

CPC Structure 'Pared Down'

HK0401040293 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jan 93 p 10

[By Willy Wo-lap Lam]

[Text] The new boom town of Pudong has become the only major area in China where the personnel and structure of the Chinese Communist Party (CCP) has been pared down to the minimum. The Chinese media has reported that from the new year, Pudong, Shanghai's futuristic industrial park, will be run by the twin bodies of the Pudong CCP Working Committee and the Pudong Administrative Committee.

Under these are 10 units which will take care of personnel, economic and administrative matters. It is understood that only one of the 10, the Party Commission of the New Area, will be a fully-fledged CCP Unit. The Vice-Mayor of Shanghai, Mr Zhao Qizheng, has been appointed as head of the two ruling committees.

Political analysts have described the development as a significant step forward for administrative reform. In every Chinese province or city, there is a labyrinthine CCP administrative structure that runs parallel—and gives instructions—to the provincial or municipal government.

For example, the party committee of Shanghai, which is the city's highest organ of authority, has departments dealing with personnel, economics, propaganda, security and legal affairs. "The Pudong new area will set up a slimmed-down, highly efficient working structure," Mr Zhao said over the weekend. "We must be cautious and bold at the same time. We will be bold not only in innovations but in taking responsibility."

Mr Zhao, 52, also said that Pudong would be run "in accordance with the model of market economics". He

added that the Pudong administration would abide by the principle of "small government, big society". Earlier, Shanghai authorities had indicated that most business practices in Pudong would be "rendered commensurate with the international norm" within three years.

Western diplomats in Shanghai, however, have reservations about whether party authorities in Pudong and Shanghai could be barred from "interfering" in the administration and business activities of the new zone. They pointed out that in theory as well as in practice, Pudong was still under the leadership of the Shanghai party committee, which is led by politburo member Mr Wu Bangguo. Moreover, Pudong authorities have yet to point out whether, as the country's radical reformists have suggested, factories and other business units in the zone can do without CCP cells.

Zhejiang Governor on Village, Town Enterprises

OW0301053493 Hangzhou Zhejiang People's Radio
Network in Mandarin 1030 GMT 25 Dec 92

[From the "Provincial News Hookup" program]

[Text] A provincial working conference on village and town enterprises ended in Hangzhou today. Governor Ge Hongsheng delivered an important speech at the meeting. He said: A new high tide of reform and opening up has arisen in Zhejiang since earlier this year, inspired by Comrade Deng Xiaoping's important talks during his inspection tour to the south. Because of this, economic construction has entered a new period of high-speed development. Village and town enterprises have seen a strong momentum for growth, developing quickly and efficiently with simultaneous increases in output value, sales, profits, and taxes. Recently, the provincial party committee and government, after conducting an in-depth study on carrying out the 14th CPC National Congress guidelines for pushing the provincial economy to a new height, revised the Eighth Five-Year Plan and the 10-Year Program. The revised targets call for quadrupling Zhejiang's gross provincial product in 1993 and sextupling [fan san fan] it by the end of the century.

He emphasized: The new historic task has put forth a new and higher demand on village and town enterprises. They should fully understand the historic mission resting on their shoulders by firmly seizing the opportunity to become the most dynamic point of growth in the course of pushing the provincial economy to a new height, the second new force in the opening up to the outside world, and the pace-setter in establishing operation mechanisms in developing a socialist market economy.

In conclusion, Governor Ge Hongsheng pointed out: Party committees and governments at all levels should transform their functions, offer better service, and create a favorable environment to help village and town enterprises vigorously develop and improve. From now on, while paying close attention to providing policy guidance, party committees and governments at different

levels should further shift efforts to building infrastructure and improving the investment environment, and, based on practical needs and possibilities, should do a solid job in cultivating markets. They also should take the initiative to help village and town enterprises consolidate inland markets, develop coastal markets, rush to seize border markets, and expand international markets, thereby facilitating village and town enterprises in taking big strides in improvement and development.

Central-South Region

Shenzhen Seeks Proper Use of Legislative Power

OW2912141192 Beijing XINHUA in English
1358 GMT 29 Dec 92

[Text] Shenzhen, December 29 (XINHUA)—Many people may not believe it, but Shenzhen, the sole Chinese city with independent legislative power, has formulated only one law in the past year.

The Special Economic Zone (SEZ) in south China's Guangdong Province was granted independent legislative power by the Standing Committee of the National People's Congress (NPC), China's legislature, on July 1 this year. Until then, only the provinces and municipalities directly under the central government had the legislative power.

The law, called the regulations on legislation in the Shenzhen SEZ, contains seven chapters and 25 articles stipulating legislative principles, the drafting procedure of laws, the submission, deliberation and adoption of motions, and the filing, revision and abolition of laws.

"The formulation of the law on the legislative procedure aims at keeping the legislation strictly in line with China's Constitution and other state laws and administrative regulations," said Zhou Huandong, director of the Law Committee of the Standing Committee of the Shenzhen People's Congress.

As the country's first SEZ, Shenzhen has developed in the past decade from a three-sq-km border town into a cosmopolis with over 7,000 enterprises. But its legal construction lags far behind economic development.

In the past 11 years, the Guangdong Provincial People's Congress and the provincial government have formulated 19 laws and regulations and four administrative regulations for the SEZ.

City mayor and former chairman of the city congress' standing committee, Li Youwei, said that due to the lack of laws and regulations, many problems could only be solved by government regulatory documents, which have no legal authority over foreigners.

The city congress has already mapped out an ambitious plan to formulate 84 laws and regulations in the next three years, 80 percent of which will deal with economic or technical problems.

The drafting of 11 laws and regulations is now underway. They mainly involve real estate, shareholding enterprises, bankruptcy of enterprises, the stock market, finance and tax, property auction and labor from outside the SEZ.

As drafting laws is not an easy task for the congress (which was elected only two years ago), the city's personnel department has advertised to the whole country for 100 qualified law personnel. So far over 1,000 have applied.

The city congress' standing committee has appointed nine jurists and economists from Beijing and Guangzhou and five law experts from Hong Kong as its consultants.

It has set up cooperative relations with some domestic institutes of political science and law and law research institutes which are rich in qualified personnel.

In order to benefit from the successful experience of Hong Kong's legislation and contribute to the convergence of the legal system in Hong Kong with that on the mainland after 1997, the congress is also having Hong Kong's existing laws translated into Chinese.

In the practice of its legislative power, Shenzhen will save no effort to coordinate the responsibilities and liabilities of different government departments and the relations between the new laws and the existing ones, according to Zhou.

'New Breed' of Cadres Reforming Shenzhen

HK0101033093 Hong Kong SOUTH CHINA
MORNING POST in English 1 Jan 93 p 8

[By Willy Wo-lap Lam]

[Text] A new breed of young cadres in Shenzhen is spearheading the drive to implement bolder reforms in the Special Economic Zone (SEZ).

These officials, who are in their 30s and 40s, are saying that unless the SEZ is given more powers to integrate itself with Western economies, it will lose out in the cut-throat competition with the scores of open cities and development zones in other parts of the country.

Sources in the SEZ said local officials were taking advantage of the imminent anniversary of the tour of patriarch Mr Deng Xiaoping to demand a larger say in finance, foreign trade and administrative reform.

They said the drive to preserve Shenzhen's status as a pioneer in reform was led by a group of young officials who held mid- to high-level ranks in the municipal party committee and government.

By contrast, top cadres such as the party secretary Mr Li Hao, and the mayor, Mr Li Youwei, are said to be too cautious and too beholden to the central authorities to aggressively lobby for autonomy.

On Wednesday, the SHENZHEN SPECIAL ZONE DAILY [SHENZHEN TEQU BAO] ran a front-page article on "the year that (Comrade) Xiaoping went south".

The official paper concluded that "Shenzhen still needs a major thought liberation (movement)".

The Daily also ran an interview with a representative of the new breed of officials, Mr Ren Kelei, who is secretary-general of the municipal party committee.

Mr Ren said the city must make use of its "sense of crisis and urgency" to implement bolder reforms.

"If our government and enterprises do not put their priority on—and devote their energy to—further deepening reform, Shenzhen can no longer remain the country's pacesetter in the 1990s," Mr Ren said.

Mr Ren, the son of the former party boss of Guangdong, Mr Ren Zhongyi, a noted reformist, is tipped for promotion to either vice-mayor or vice-party secretary of the SEZ.

Mr Ren's brother, Mr Ren Kening, is also active in politics. He is the vice-party secretary of the management committee of the Hengqin Economic Development Zone of Zhuhai Special Economic Zone.

Other "young turks" in Shenzhen include the director of the municipal Committee for Re-Structuring the Economy, Mr Xu Jing'an and the secretary-general of the municipal government, Mr Li Luoli.

In the mid-1980s, Mr Xu and Mr Li Luoli were advisers to officials close to ousted party chief Mr Zhao Ziyang.

Guangxi Grants Ranks to Policemen

HK3112115692 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 26 Dec 92

[Excerpts] The ceremony of conferring ranks on the first batch of policemen in the region was solemnly performed in the regional government office on the morning of 26 December. The first batch of 1,782 people's policemen in our region proudly put the shining marks on their uniforms.

Public Security Vice Minister Gu Linfang and regional party, government, and military leaders, including Cheng Kejie, Liu Mingzu, Ding Tingmo, Lin Chaoqun, Wen Guoqing, (Dun Yuanzhong), (Fan Zengxia), Chen Huiguang, (Huang Boyao), Chen Ren, Wei Jisong, and (Qiu Donglian), attended the ceremony.

Lin Chaoqun, member of the regional party committee standing committee, secretary of the regional political and judicial commission, and deputy chief police commissioner [jing jian], read the rank-conferring order.

There were 31 policemen who received the rank of police commissioner third class; 393 received the rank of police superintendent [jing du] first class; 419 received the rank

of police superintendent second class; 662 received the rank of police superintendent third class; and 277 received the rank of police inspector [jing si].

Autonomous region and public security ministry leaders awarded the rank-granting certificates to the policemen who received the rank of police commissioner third class and to the representatives of the policemen who received the ranks of police superintendent and police inspector.

Cheng Kejie, chairman of the regional government; and Gu Linfang, vice minister of public security and chief police commissioner, spoke at the meeting.

In his speech, Comrade Cheng Kejie, on behalf of the regional party committee and government, warmly congratulated the first batch of comrades who had received ranks. [passage omitted]

Gu Linfang demanded that public security organs at various levels diligently explore new ideas and new methods for public security work, so as to meet the need of development of market economy in the new situation.

The rank-granting ceremony was concluded amid the majestic song of people's police.

Henan Elects Lin Xiao Acting Congress Head

HK0401100093 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 26 Dec 92

[Text] The seventh provincial people's congress standing committee held its 32d meeting in the provincial people's hall yesterday morning and elected Vice Chairman Lin Xiao acting chairman of the provincial people's congress standing committee.

Ji Hanxing, vice chairman of the provincial people's congress standing committee, presided over the meeting.

Lin Xiao, Fan Lian, Hu Tingji, Hou Zhiying, and Zhang Zhigang, vice chairman of the provincial people's congress standing committee, attended the meeting.

Hubei's Wuhan To Establish Joint Ventures Area

OW0301151893 Beijing XINHUA in English
1455 GMT 3 Jan 93

[Text] Wuhan, January 3 (XINHUA)—A street of joint ventures is expected to spring up in the downtown of Wuhan city, capital of central China's Hubei Province, in two years with a total investment of more than 100 million yuan.

Located near the Dantong crossroad in the city, the street will be composed of an office building, an apartment building and a commercial residence building. Each construction will top 20 stories.

Upon completion, all the buildings along the street will be sold or leased to overseas companies. So far, a dozen of them have come to negotiate.

Officials from the municipal government said that the skyscrapers were all designed according to international standard. Construction of the buildings has been started.

Southwest Region

Guizhou Secretary Addresses CPPCC Forum

HK0101152793 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 26 Dec 92

[Text] Yesterday afternoon, the provincial Chinese People's Political Consultative Conference [CPPCC] committee held a forum of members in the Guiyang area to usher in the spring. Several hundred members of the sixth provincial committee of the CPPCC in the Guiyang area happily gathered to reflect on the past and look to the future, freely discussing their ideas. It was a joyous and amicable meeting.

Provincial party, government, and military leaders, such as Liu Zhengwei, Wang Chaowen, Su Gang, Miao Chunting, Long Zhiyi, Liang Mingde, Wang Siqi, Liu Hanzhen, Yuan Ronggui, Zhong Liming, Wang Yaolun, and others, attended the forum.

Wang Siming, vice chairman of the provincial CPPCC committee and head of the provincial party committee united front work department, presided over the forum.

Liu Zhengwei, provincial party secretary, and Miao Chunting, chairman of the provincial CPPCC committee, addressed the meeting.

Among the vice chairmen of the provincial committee of the CPPCC attending the forum were Wang Fuqing, Mao Tieqiao, Jian Xianai, Wang Qingyuan, Meng Sufen, Qiu Yaoguo, and An Diwei.

In his speech, Liu Zhengwei said that since the sixth provincial committee of the CPPCC, the members and comrades have carried out extensive research and investigation, racked their brains and offered plans and ideas, and actively participated in discussion of government matters and in running the government, greatly supporting the work done by the party and government. In the course of reform, opening up, and modernization of Guizhou, they have played a great role.

Liu Zhengwei said that the provincial CPPCC committee is about to be replaced by a new committee; some old members and comrades will retire, and they have selflessly dedicated all they have to the revolution and construction of Guizhou, and made new contributions to the cooperation between old and new cadres and to the transfer of duties. On behalf of the provincial party committee, he expressed to them the highest consideration.

Liu Zhengwei stressed that the provincial party committee hopes the members of the new provincial CPPCC committee will often seek advice from the old comrades and that the retired comrades will continue to care for

the CPPCC work and support and help the new comrades in their new work duties.

Miao Chunting said in his speech that he believes the new committee will surely be able to inherit from the past and open up the future, explore and advance, and score bigger results.

Sichuan Authorities Move To Combat Droughts

HK0401114093 Chengdu Sichuan People's Radio
Network in Mandarin 2300 GMT 18 Dec 92

[Text] Since mid-October, owing to a dry and cold air mass, a number of localities in the province have suffered the most serious autumn and winter droughts in the last 40 years. Areas affected by the droughts have extended to Daxian, Wanxian, and Chongqing. Neijiang counties; 19 cities, prefectures, and autonomous prefectures; and more than 25 million people have been hit by the droughts. The area of crops sown in the late autumn affected by the droughts exceeded 13 million mu, over 4 percent of the province's total sown area.

Faced with the sustained serious autumn and winter droughts, the provincial party committee and government convened three times to study and plan for antidrought and relief operations. They sent over 10 departmental and bureau-level leaders as heads of task groups deep into the drought-hit areas to direct work. The provincial authorities made prompt arrangements for the funds, material, and power supply in relief operations. Party committees and governments at all levels have made antidrought and relief operations the central task for the current rural work and promptly launched farmland capital construction and water conservancy projects and lead grass-root cadres and people in fighting a comprehensive battle against droughts and in pursuing relief operations.

Departments at the provincial level have also been actively involved in antidrought and relief operations. This winter and next spring, the provincial electric industrial bureau will arrange 300 million kw-hours of power supply for winter irrigation, seed conservation, and water pumping for human and animal consumption in 12 cities, prefectures, and autonomous prefectures.

According to weather trend analysis by the meteorological department, there are no obvious signs for any precipitation over most areas in the province in the mid to long term and droughts will continue to develop.

Younger CPPCC Members Elected in Tibet

OW0301162493 Beijing XINHUA in English
1538 GMT 3 Jan 93

[Text] Lhasa, January 3 (XINHUA)—One hundred and thirty intellectual celebrities have been elected members of the Sixth Tibet Committee of the Chinese People's Political Consultative Conference (CPPCC), according to an on-going meeting here.

Ma Congying, head of the personnel department of the first session of the of the Sixth Tibet Committee of the CPPCC, said that these intellectuals who have entered the committee have or do not have party membership. Their average age is 47.8 years old.

Now the newly-elected intellectual members account for 25 percent of the total number in the committee.

In the past, according to Ma, the Tibet committee of the CPPCC used to comprise mainly such patriots as leaders of ethnic minorities and religion, including former officials of the old Tibet government, slave-owners, merchants and other well-known personages. They made up 50 percent of the total number in the committee.

Ma said they had played an important role during the years in close cooperation with the Communist Party and the central government. However, since they are now all advanced in their age, all over 60 years old, they have certain difficulty in participating government and political affairs.

"With the rapid growth of all types of construction course in Tibet," he said, "we need a group of new personages representing their own walks of life."

Tibet To 'Speed Up' Economic Development

OW0301144393 Beijing XINHUA in English
1414 GMT 3 Jan 93

[Text] Lhasa, January 3 (XINHUA)—Gyaincain Norbu, chairman of the people's government of the Tibet Autonomous Region, said here today that Tibet will speed up its pace of reform and economic development to raise people's living standard.

In his "government work report" to the first meeting of the Sixth People Congress of the autonomous region which opened here today, Gyaincain Norbu said that Tibet's economy is still backward as it began its socialist construction on the ruin of feudal serf system.

He said that Tibet will give top priority to liberating and developing its productive forces and take the economic construction as the major policy for the social stability.

Over the past five years, Gyaincain said, Tibet has made remarkable achievements in the development of economy and the improvement of people's life.

However, Gyaincain pointed out, the economic development in Tibet was still too slow due to the shortage of energy resources and necessary professionals, inconvenient transport and financial problems.

The chairman urged to liberate the people's minds and promote exceptional development in Tibet's economy so as to narrow the distance between Tibet and the inland provinces.

The regional government has been determined to increase its gross regional product to 4.8 billion yuan, an

annual average growth of 8 percent, by 1997 when the per capita income of the farmers and herdsmen increase to 670 yuan.

To hit this target, the autonomous region will speed up its pace of reform, expand opening up, develop agriculture and animal husbandry, strengthen infrastructural construction, develop service industry and rural enterprises and promote the development of science, technology and education.

Removal of Tibet's Highway Checkpoints Planned

OW0401103893 Beijing XINHUA in English
0851 GMT 4 Jan 93

[Text] Lhasa, January 4 (XINHUA)—The Government of the Tibet Autonomous Region has decided to remove all the checkpoints on the highways leading to neighboring provinces.

Since 1986 there have been seven checkpoints on the Qinghai-Tibet and Sichuan-Tibet highways to bar the transportation of smuggled goods. They also acted as checks against the outflow of some local products, such as animal by-products and herbs, from being shipped to inland provinces so as to ensure the development of local industry.

But, according to Lu Guozhong, deputy director of the markets division of the regional industrial and commercial bureau, the checkpoints also hindered the development of goods circulation and disrupted the markets.

North Region

Beijing Mayor at Ceremony To Confer Police Titles

SK0401091093 Beijing BEIJING RIBAO in Chinese
20 Dec 92 p 1

[By reporter Qiu Hongbo (6726 3163 3134): "The Municipal Public Security Bureau Holds a Ceremony To Confer Titles to the People's Police"]

[Excerpts] Yesterday morning, the municipal public security bureau held a police title conferring ceremony at the Great Hall of the People to confer titles to police officers of the capital's public security department who have been named third-grade commissioners and first, second, and third-grade supervisors.

Chen Xitong, secretary of the municipal party committee and mayor of the municipality; Tao Siju, police commissioner general and minister of public security; Li Qiyang, Wang Jialiu, and Chen Guangwen, deputy secretaries of the municipal party committee; Wang Tong, member of the municipal party committee standing committee; and Su Zhongxiang, deputy commissioner general and deputy municipal mayor; and other leaders attended the title-conferring ceremony. [passage omitted]

In his speech, Li Qiyuan extended warm congratulations to all people's policemen on behalf of the municipal party committee and the municipal government. He said: Over the past years, the people's police in the capital, under the leadership of the party committees and the governments at all levels, have made important contributions to defending the socialist system, safeguarding the capital's social security, and protecting the capital's socialist modernization and the legal rights and interest of the citizens. History has proven that the capital's public security contingent is a politically reliable and trustworthy contingent of the party and the people as well as a contingent with strong fighting capacity. He pointed out: Under the new situation in which the 14th CPC Congress guidelines are being implemented, the party committees and governments at all levels should strengthen leadership over public security organs and the people's police, care for building this contingent, help in solving practical issues, and enable the people's police to give better play to their functions and role after the implementation of the police ranking system.

Vice Mayor Su Zhongxiang said: It is honorable and sacred for the people's police to wear symbols of police ranks. It is the highest honor which the party and the people has given to the people's police. The party and the people have pinned ardent hopes and heavy trust on them. Premier Li Peng's speech given at a ceremony held by the State Council to confer police ranks to the people's police has set higher demands on public security work and on the building of contingents. We should conscientiously implement Premier Li Peng's guidelines, treasure the honor given by the party and the people, firmly bear in mind the sacred mission entrusted by the party and the people, turn honor into motivation, take the opportunity of implementing the police ranking system to comprehensively strengthen the building of contingents, and push the capital's public security work and the building of contingents to a new level. He said: It is necessary to pay further attention to building contingents, maintain closer relations between the police and the people, and do all public security work well. To realize the party's grand objective, public security organs must make unremitting efforts to create a united and stable social security environment.

Inner Mongolia Official on Party School Reform

SK0401092893 Hohhot NEIMENGGU RIBAO in
Chinese 12 Dec 92 p 1

[By reporter Zhang Zhaocheng (1728 0340 2052) and correspondent Li Huankui (2621 3562 7608): "Emancipate the Mind and Deepen Reform To Boost the Work of Party Schools To a New Stage"]

[Text] On the afternoon of 9 December, at the regional forum of party school presidents, Liu Yunshan, deputy secretary of the regional party committee, stressed that it has long been the party schools' historical mission to arm leading cadres at all levels with the theory of building

socialism with Chinese characteristics to ensure that the party's basic line will not be shaken for 100 years. Party schools at all levels should continuously emancipate the mind, be bold in practice, and gradually find new ways of conducting party school education under the socialist market economic system in order to push the work of party schools onto a new stage.

Liu Yunshan pointed out: The theory of building socialism with Chinese characteristics is very rich in content. In training leading cadres at all levels or in training them on a rotating schedule, party schools at all levels should meticulously arrange for the teaching work by regarding this theory as core curriculum, and by combining teaching with the implementation of the 14th CPC National Congress guidelines. Party schools at all levels should research new circumstances and solve new problems in order to make their teaching work more practical and more purposeful. Party schools should now emphatically study and research the issues of deepening reform, expanding reform, establishing the socialist market economic system, and changing the operational mechanism of enterprises.

Liu Yunshan pointed out: Integrating theory with practice is a fine tradition of the party as well as the principle for teaching at party schools. Party schools at all levels should truly exert great efforts in integrating theory with practice, should guide their students to further emancipate their minds and use their brains, should conduct a profound study and discussion of practical issues under the guidance of this theory in close combination with the realities of reform, opening up, and modernization, and should, in particular, make breakthroughs in integrating the work of party schools with the realities of the region and of various localities.

When it comes to the issue of the reform of party schools, Liu Yunshan emphasized that seeking truth from facts and being bold in practice are the key to achieving success in the reform of party schools. The reform of party schools must be carried out on the principle of arming leading cadres at all levels with the theory of socialism with Chinese characteristics and by comprehensively implementing the principle of integrating theory with practice. Party schools should integrate reform with the development of themselves. Following the lead given by the reform of teaching methods, party schools should coordinate carrying out reforms in the fields of scientific research, administrative and logistical management, and personnel and distribution systems with a view to giving rise to vivid operational and managerial mechanisms, with teaching as the center, with scientific research as the foundation, and with the administrative and logistics work as well as the ideological and political work as the guarantee.

Liu Yunshan demanded that party committees at all levels pay extremely high attention to the party schools' work and fully use party schools as a front to cultivate party cadres at all levels to ensure that there will be successors to the socialism with Chinese characteristics

and that socialism will grow and flourish. Party committees should strengthen leadership over party schools. We should incorporate the reform of party schools with the overall reform of party committees and governments, should frequently learn about and actually solve the practical problems in the reform and construction of party schools, and should create fine work and study conditions for teaching, administrative, and working personnel of party schools to run party schools in an increasingly better manner.

Inner Mongolia's Wang Qun on Nationalities Work

SK0301065693 Hohhot Inner Mongolia People's Radio Network in Mandarin 1100 GMT 2 Jan 93

[Text] The regional nationalities work conference, cosponsored by the regional party committee and the regional government, was held in Hohhot today. Wang Qun, secretary of the regional party committee, gave a speech at the conference, entitled: "Strive To Create a New Situation in Our Region's Nationalities Work Under the Guidance of the Party's Basic Line." Bu He, chairman of the regional government, gave a written speech. Qian Fenyong, deputy secretary of the regional party committee, presided over the conference. Attending the conference were Wu Liji, Liu Yunshan, Bai Enpei, Batubagen, Hao Xiushan, Shi Shengrong, Yang Enbo, Diao Congzhou, Wuyunqimuge, Liu Zuohui, Zhao Zhihong, Lin Yongsan, Song Zhimin, and Yun Bulong, and other regional leading comrades. Ting Mao, Wang Duo, and Kong Fei, who have been working in our region for a long time, also attended the conference.

In his speech, Comrade Wang Qun reviewed our region's tremendous achievements in nationalities work over the past 14 years since the third plenary session of the 11th party Central Committee. He said: Over the past 14 years, the regional party committee and the party organizations at all levels have persisted in carrying out nationalities work in line with the party's basic line; proceeded from reality; conscientiously implemented the policies, laws, and regulations of the party and the state; united with and led the cadres and the masses of people of various nationalities across the region to carry out a series of solid work; and scored gratifying achievements. Our region has entered a new stage of development in its work to promote national unity and progress. The main manifestations were: The region achieved a strategic change which focused on economic construction in its nationalities work, widely opened its door to the outside world and served the whole country and the whole world, the great unity among the people of various nationalities was marked by new cohesion and the substance of the times, and a prosperous scene was witnessed in minority nationalities work and in the social progress of the entire autonomous region.

In referring to the future fundamental task of nationalities work, Comrade Wang Qun stressed: The fundamental task of nationalities work is to unswervingly

implement the party's basic line, accelerate the pace of reform and opening up, speed up the development of productive forces, and concentrate energy on pushing economic construction forward. At the same time, it is necessary to strengthen the building of socialist democracy, the legal system, and the spiritual civilization in line with the central task of economic construction; promote comprehensive social progress; and promote great unity and common prosperity among the people of various nationalities.

Wang Qun said: Economic development is the precondition for solving problems concerning nationalities and the foundation for consolidating national unity and realizing common prosperity among the people of various nationalities. If we fail to do a good job in economic work, national progress and the party's [words indistinct] will be difficult to be fulfilled. It is necessary to always place the development of productive forces in the lead. To carry out nationalities work, first of all, we must pay attention to the comprehensive economic development of the minority nationalities. Departing from this point, we will have no way of carrying out other nationalities work.

Wang Qun said: To realize an unconventional development and to fulfill the nationalities work tasks under the new historical conditions, we must further strengthen the party's leadership over nationalities work. The party committees and governments at all levels must deeply implement the guidelines of the 14th party congress and the central nationalities work conference, fully understand the long-term nature of nationalities work, and the extreme importance of nationalities work in relation to Inner Mongolia's all other undertakings, consider this work one of the important items on the agenda, always study it, pay attention to it, manage it with real efforts, and realistically solve practical problems.

In a written speech, Comrade Bu He offered five suggestions for the whole party to successfully carry out nationalities work, for accelerating the pace of reform and opening up, and for [words indistinct]. First, firmly foster the guiding ideology of regarding economic construction as the central task, and plan and make arrangements for nationalities work in line with the two objectives expected to be fulfilled in the next eight years, second, further deepen the reform of economic systems and accelerate the building of socialist markets in our region; third, promote nationalities work in accordance with the strategic plan of [words indistinct] in the course of opening the region to all directions; fourth, unceasingly eliminate difficulties in making the people in our region become wealthy and well-off in line with the principle of achieving common development and common prosperity; and fifth, carry forward the glorious traditions and further promote great unity among the people of various nationalities.

All participants to the sixth enlarged plenary session of the fifth regional party committee, responsible comrades of the united front work departments, nationalities work

committees, and Mongolian language and educational departments of various leagues and cities attended this conference.

Tianjin Views Port Transport Results

SK0401042293 *Tianjin People's Radio in Mandarin*
1000 GMT 31 Dec 92

[Summary] The Tianjin Port Office has shown a large-scale increase in both business and benefits in spite of the shortage of goods sources, and the insufficient capacity of its docks. As of 31 December, the accumulated volume of freight handled has reached 2,926 tons. Of this volume, that of imported and exported goods has reached 1,920 tons, which has surpassed the state annual export assignment by 30 percent and the state annual import assignment by 17 percent. The volume of freight handled has shown a 23-percent increase over 1991; of export and import operation, an 11.6-percent increase over 1991; and of profits, a 14-percent increase over 1991. All of these topped the previous highs.

Southeast Region

Secretary Speaks at Heilongjiang CPPCC Session

SK0401065093 *Harbin Heilongjiang People's Radio*
Network in Mandarin 2200 GMT 3 Jan 93

[Excerpts] The first session of the Seventh Heilongjiang Provincial Chinese People's Political Consultative Conference [CPPCC] Committee ceremoniously opened at the Harbin Beifang Building's theater on the afternoon of 3 January.

The session's guiding ideologies are to take the 14th CPC Congress guidelines as guidance; and to unite with and mobilize all democratic parties, nonparty people, mass organizations, and people of various nationalities to work under the leadership of the provincial party committee, to further emancipate the mind, to conscientiously implement the basic line of the party, to speed up the pace of reform, opening up, and modernization, and to work hard to comprehensively implement the 14th CPC Congress guidelines and all tasks as set forth at the 14th plenary session of the sixth provincial party committee.

On 3 January, the Harbin Beifang Building's theater was hung with a CPPCC emblem set off by green pines and cypresses and 10 red flags. Five hundred and eighty-six CPPCC members participating in the session gathered under the same roof to jointly discuss the great matter of rejuvenating Heilongjiang.

At 1500, Zhou Wenhua, executive member of the session, declared the session's opening. [passage omitted]

Seated on the first row of the rostrum were Sun Weiben, secretary of the provincial party committee, Zhou Wenhua, Huang Feng, Dai Muan, Fu Shiyang, Guo Shouchang, Chen Wenzhi, (Han Bangzhi), (Zhao Shijie),

(Chen Zhanyuan), (Wang Zhiqian), and (Wu Dinghe), executive members of the session; and (Zhang Huanchen), secretary general of the session. Seated on the rostrum were some provincial party, government, and army leading comrades, including Shao Qihui, Ma Guoliang, Tian Fengshan, Shan Rongfan, Wang Haiyan, Chen Yunlin, Meng Qingxiang, Tang Zuohou, Yang Guanghong, Zhang Xiangling, Wang Jun, He Shoulun, Li Genshen, Zhang Ruoxian, (Wang Jusheng), An Zhen-dong, Qi Guiyuan, Ji Hua, Qu Shaowen, Du Xianzhong, Cong Fukui, Sun Kuiwen, Zhou Tienong, Yang Zhihai, (Wu Yuxian), (Yuan Jingxiang), (Li Qingmin), Tang Lanting, and Jia Chengwen. Also seated on the rostrum were chairmen and vice chairmen of the former provincial CPPCC committees, including Wang Zhao, Zhang Di, Wang Fei, Tang Liandi, Li Min, (Quan Juxiang), Meng Chuansheng, (Zhang Ruilin), Bao Zong, Wang Minggui, Yang Zirong, and Wang Weizhi. Li Jianbai, member of the National People's Congress Standing Committee; and Chen Lei, Zhao Dezun, and Chen Jianfei, retired veteran cadres of the province, were also seated on the rostrum.

At the session, Sun Weiben, secretary of the provincial party committee, made a speech entitled: "Unite With the People to the Maximum."

[Begin [Sun Weiben recording] Amid the upsurge where the people from higher levels downward across the province have started to implement the 14th CPC Congress guidelines since the very beginning of the new year, the first session of the seventh provincial CPPCC committee ceremoniously opened. On behalf of the provincial party committee and government, I extend heartfelt greetings to the session and extend cordial regards to all CPPCC members who have contributed to the province's reform, opening up, and economic construction. [applause] [end recording]

Sun Weiben said: Over the past five years since 1988, under the leadership of the sixth provincial CPPCC committee standing committee and with the concerted efforts of all CPPCC members, the province has created a new situation in the CPPCC work. The work of the seventh provincial CPPCC committee will be carried out in the key period of realizing the second-step strategic goal of the national economic development. Thus, we hope that the new committee will be able to hold high the banner of socialism and the banner of patriotism; persistently use the theory and the line of socialism with Chinese characteristics to guide CPPCC work; unite with, to the maximum, the people in line with the requirements for speeding up the pace of reform, open up, and economic construction; and pool the enthusiasm and creativeness of the people of all nationalities to promote the development of the great cause of rejuvenating Heilongjiang and making Heilongjiang flourish. To unite with, to the maximum, the people, we should have a common political foundation—the theory and the line of socialism with Chinese characteristics. To achieve this, we should have a common fighting goal. That is, speed up the economic development in Heilongjiang and

promote the progress of the whole society. We should also further develop socialist democratic politics. That is, we should ceaselessly improve the system of multi-party cooperation and political consultation under the leadership of the CPC. [passage omitted]

Guo Shouchang, executive member of the session, made a report on the work of the Standing Committee of the sixth provincial CPPCC committee. [passage omitted]

Building Materials Sales in Heilongjiang Brisk

SK0401051593 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 31 Dec 92

[Summary] Heilongjiang Province has enjoyed a brisk situation in both production and sales on the building materials industrial front this year. Its total industrial output value in this regard is expected to reach 1.6 billion yuan, an 11-percent increase over 1991. Profits and taxes handed over to the state by these budgetary industrial enterprises has reached 150 million yuan, a 90-percent increase over 1991. By the end of this year, the province's cement output is expected to reach 6.5 million tons, a 9.4-percent increase over the same period in 1991. The losses caused by the budgetary industrial enterprises in this regard have shown a 33-percent decrease over 1991. The sales of building materials in November this year showed a 230-million-yuan increase over the same period of 1991.

Northwest Region

Commentary on Improving Gansu's Economy

HK0101105493 Lanzhou GANSU RIBAO in Chinese 29 Nov 92 p 2

[Commentary: "Working in a Down-to-Earth Manner To Push Our Province's Economy to a New Height"]

[Text] After a full and conscientious discussion, the seventh enlarged plenary session of the seventh provincial CPC committee unanimously agreed to the targets, tasks, important measures and guiding ideology proposed by the provincial CPC Committee Standing Committee aimed at pushing our province's economy to a new height. After the session, party organizations at all levels must further use the 14th CPC National Congress spirit to arm the broad masses of cadres and people to arouse their enthusiasm in the practice of pushing our economy to a new height.

Seizing the favorable opportunity to speed up reform, opening up, and economic development is the core of Comrade Deng Xiaoping's remarks made during his southern tour. It is also the basic spirit of the 14th CPC National Congress. The target of our province's development in the 1990's set by the provincial CPC Committee is also based on this. This target has not only embodied the demand of speeding up development, but also reflected the common desires of the people of the

whole province to overcome poverty and head for small-scale prosperity as early as possible on the basis of making an objective analysis of our province's practical reality. People see from this target the hope for fully invigorating our province's economy. This will definitely produce importance effects on our province's development in the future.

The practice of reform and construction in our province over the past 10 years or so has indicated that each and every greater development in our province is invariably the result of following a correct ideological line. Emancipating the minds and seeking truth from facts is the most fundamental guiding ideology for doing all our work well. In the course of pushing our province's economy to a new height, we must firmly and unswervingly rely on this ideological line. Emancipating the mind and seeking truth from facts is not only a guiding ideology for setting the general target of the whole province, but also an ideological basis for working out each and every specific plan. In the course of fulfilling this general task and formulating their own objectives for development, various localities must emancipate their minds, and have the courage to scale new heights and aspirations to speed up development. Only thus can they mobilize and encourage the masses to attain the general target of the whole province. In the meantime, they must persist in seeking truth from facts and proceed everything from reality. Only by setting an advanced and scientific target for development can we arouse the enthusiasm of various quarters and fully tap their potentials on the existing conditions and basis. Any impractical and excessively high target can only dampen the enthusiasm of the masses. We must pay sufficient attention to this problem.

To push the economy of the whole province to a new height, we must do various work well, working closely around the general task of the reform of establishing our socialist market economic system. If we fail to greatly change our ideological concepts, administrative means, work methods, operational mechanisms, and so on; if we are still unable to free ourselves from the "leftist" thinking, ideas on product economy, thinking of small producers, and mentality of passivity of fearing difficulties, attempting nothing, and accomplishing nothing, it will be impossible for us to create a new situation in our economic development. Leaders of all localities and departments and all cadres as well must seriously think of this issue. The great tide of socialist market economy is pressing toward us. How should our localities, departments, and work conform with this situation? If we still sit back and wait for arrangements made by the higher authorities, or red letterhead documents issued by them, this state of mind is incompatible with the demand of the development of the present situation. When we are still "sitting back and waiting," other people are whittling their way at making a breakthrough. They will seize the favorable opportunity. Speeding up economic development on our part can only become empty talk. Changing the way of thinking cannot be realized by simply sitting

back, or indulging in empty talk on theories. It is a practical action of breaking with conventions and outmoded rules and regulations. Each and every target of the province in pushing our economy to a new height must closely rely on the measures for deepening reform aimed at transforming enterprises' operational mechanisms, pushing enterprises to market, changing government's functions, changing control and regulation purely based on administrative means into practice of going about things according to economic law and market rules and regulations, developing large markets, and so on. Only by persisting in reform can we accelerate development.

When people of the whole province are scaling new heights, we must fully pay attention to the fact that the acceleration of development is based on enhancing efficiency. After analyzing our province's economy, we realize that the problem of low efficiency is very conspicuous. If we only lopsidedly seek high speed at the expense of efficiency, we will increasingly find ourselves in a passive position. Leaders at all levels must develop an idea of taking efficiency as a center of economic work, and unify efficiency with speed. While paying attention to speed, we must attach greater importance to efficiency. Only speed based on high efficiency can be truly regarded as high speed.

Next year is a key year for fulfilling the second target of doubling our gross industrial and agricultural output value. The target and idea for our province's economic development have been clearly defined. The key lies in putting them in action, and implementing them in a down-to-earth manner. We will greet the new century of reform, opening up, and economic development with a new way of thinking and new state of minds.

Gansu Concentrates on Educating Ethnic Minorities

OW0201171793 Beijing XINHUA in English
1457 GMT 2 Jan 93

[Text] Lanzhou, January 2 (XINHUA)—Northwest China's Gansu Province has paid special attention to education for ethnic minorities and succeeded in letting 84 percent of ethnic children entering primary school on time.

Gansu has 44 ethnic minority nationalities with a total population of nearly 1.86 million. The ethnic groups wander on the vast pastures of the province. They include the minority nationalities of Tibetan, Hui, Dongxiang, Yugu and Baoan.

In order to allow the children of the migrating herdsmen to go to school, the province has set up some boarding schools and developed a network of schools-on-wheels.

Now, every herdsman's county in the province has boarding secondary schools and 73 percent of the counties also have boarding primary schools. Exclusive and normal classes have been set up for teenage girls to

overcome gender bias inherent in local traditions. Now over 61 percent of minority girls enter school when they are at the legitimate age for education.

The schools provide courses to teach minority children skills of life and production, as well as academic knowledge. In some backward regions, primary schools have professional training courses for senior grade students. By the end of 1995, the number of minority children receiving occupational training at school will reach 3,000 in the province.

Now the best institutes of higher learning, professional schools and middle schools in the province are cooperating with minority-inhabited areas to train teachers and managers. Seven cities in the province with advanced educational facilities also take in minority students and help improve education in minority regions. Now five universities and colleges, three normal schools and nine middle schools in the cities have set up special classes for minorities. The normal school and the northwest teacher's training center for minorities in the province have been developed.

According to the local authorities, the province has set up a foundation to sponsor schools in backward regions and award localities where the nine-year compulsory education system is well-established. The fund is one million yuan.

In addition, the province has set aside at least 10 percent of the government funds and subsidies for the promotion of education in minority-inhabited and backward regions.

County Police Chief in Shaanxi Executed

HK0401042693 Hong Kong SOUTH CHINA
MORNING POST in English 4 Jan 93 p 10

[By Geoffrey Crothall in Beijing]

[Text] A local police chief from the central province of Shaanxi was executed for attempting to assassinate his country's party secretary, the Shaanxi Daily reported. Gao Shengxiu, the director of Mizhi County Public Security Bureau, had tried to blow up the party secretary Mr Zhang Zenglian after a long-standing feud between the two men developed into open warfare, the newspaper said.

Gao, 49, had been the target of persistent criticism from the party secretary since he took office but the dispute between the two came to a head in October 1989 when Mr Zhang ordered a public investigation into irregularities in the public security bureau's processing of residence permits. The police chief thought Mr Zhang was deliberately trying to make life difficult for him and began to plot his revenge, the newspaper said.

In March 1990, Gao inscribed a "superstitious incantation" on the inside of a wok which he threw into Mr Zhang's family courtyard in the dead of night. He

followed this up by writing two anonymous letters threatening the party secretary with violence. Two months later, Gao went to the local coal mine to demand explosives, detonators and other equipment which he then fashioned into a crude home-made bomb.

Gao then recruited an accomplice, Jiang Zhifu, to place the bomb in the party secretary's house four or five days after he had left the country on business. Jiang stole into the compound in the small hours of May 11, 1990, and ignited the explosives with his cigarette. Unfortunately for the conspirators, Mr Zhang had also gone away on business that evening. Although Mr Zhang's house suffered extensive damage, no one was injured.

Xinjiang Reports Tourism 'Boom'

OW0401103493 Beijing XINHUA in English
0833 GMT 4 Jan 93

[Text] Urumqi, January 4 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region reports a tourist boom thanks to opening its border areas opening further to the outside world.

According to statistics, the multi-nationality region received a total of 230,000 business people and tourists last year, an increase of more than 100,000 over the previous year, and obtained 35 million U.S. dollars from tourism, up 60 percent.

A regional official in charge of tourism said that 90 percent of the extra tourists and business people last year came from neighboring countries.

The booming tourism has helped promote border trade, he noted.

The total volume of Xinjiang's border trade in the first 11 months of last year amounted to 220 million U.S. dollars-worth, an increase of 359 percent over the previous year.

To attract more tourists the region has improved tourism service and facilities while increasing a number of tourist items last year.

It approved the establishment of 37 travel services and built more hotels last year.

In addition, the region organized 3,474 Chinese citizens in groups to visit neighboring countries last year.

Xinjiang To Build Five New Power Plants

OW0401103193 Beijing XINHUA in English
0845 GMT 4 Jan 93

[Text] Urumqi, January 4 (XINHUA)—The Xinjiang Uygur Autonomous Region is to increase its investment in power projects.

An official at the regional bureau of the power industry said that by the end of this century the annual generating capacity will reach five million kw and the annual output of electricity will be 20 billion kwh [kilowatt hours]—representing increases of 3.1 million kw and 13 billion kwh over 1990's figures.

He said that Xinjiang has decided to build five more power plants: a second power plant at Hongyanchi in Urumqi city, the Changji power plant in the Hui Autonomous Prefecture of Changji, and three hydropower stations in Ili Prefecture and the Mongolian Autonomous Prefecture of Bayingolin.

The official said that the generating capacity of the second power plant at Hongyanchi will be 1.2 million kw and construction will start in July 1994.

The generating capacity of the Changji power plant is planned at 2.4 million kw.

The Jilintai hydropower station in Ili Prefecture will have four generating sets with a total capacity of 460,000 kw and construction will start in 1995.

The generating capacity of the two hydropower stations in Bayingolin prefecture will total 300,000 kw.

Officials Arrested for Hualien Election Fraud

OW0401094693 Taipei CNA in English 0810 GMT
4 Jan 93

[Text] Taipei, Jan. 4 (CNA)—The directors of eight poll stations suspected of vote-rigging in the eastern city of Hualien in the Dec. 19 legislative election were put into custody by a local prosecutor Sunday [3 January].

The scandal broke out after Huang Hsin-chieh, Democratic Progressive Party (DPP) nominee who lost by a slight margin of 62 votes to a Kuomintang [KMT] candidate, and hundreds of his supporters surrounded the Hualien prosecutor's office shortly after the poll to demand a recount in some election stations where poll results were questioned.

Prosecutors later found that the number of votes in the recount exceeded the number of those originally issued by more than 700 in 13 poll stations.

Since then the prosecutor's office has interviewed a group of suspects, all of whom denied any role in the case.

Tsai Cun-lung, one of the detainees, admitted Sunday for the first time his complicity in the vote-rigging, marking a significant breakthrough in the efforts to uncover the poll scandal.

Tsai faces responsibility for a discrepancy of 141 votes in the station for which he served as director.

All detainees, according to the background files sorted out by the prosecutor, are Hualien City Government grassroots officials. The mayor was a contender in the election where two out of the four candidates were to be elected to the new national legislature.

While the prosecutor declined to elaborate on the case, sources claim that Tsai confessed that the vote-rigging had been engineered by a staffer in the mayor's election campaign.

Li Hsun-ming, chief prosecutor of the Hualien District Court, pledged to look into the case, which he said had tarnished the image of the nation.

The Central Election Commission formally announced the win of Hsieh Shen-shan, a KMT heavyweight nominee, while another seat yet for the constituency is still left open as the investigation into the case proceeds.

The Dec. 19 election was the Republic of China's first full legislative poll in more than four decades.

Judicial Yuan Vice President Submits Resignation

OW0401094793 Taipei CNA in English 0814 GMT
4 Jan 93

[Text] Taipei, Jan. 4 (CNA)—Lin Yang-kang, president of the Judicial Yuan (JY), confirmed Sunday [3 January] that his deputy, Wang Tao-yuan, has submitted a written

resignation and that he expects the resignation to be accepted by President Li Teng-hui.

Lin said that Wang offered to retire in line with President Li's call for a transition of governmental leadership to younger generations.

Lin noted that the respected vice JY president, thinking himself to be too old—80—to retain the post, once last year expressed his intention to retire. But Lin persuaded him to stay on until 1994 to serve out the nine-year limit for grand justices since Wang was physically and mentally healthy and was so respected by his colleagues in the judiciary.

Lin, 65, a charismatic politician, is regarded as one of the candidates for the new premiership.

Lin said that according to the constitution, a new vice JY president should be appointed by nomination of the president and approval of the National Assembly.

President, Judicial Yuan Head Discuss Premiership

OW0401091193 Taipei CNA in English 0804 GMT
4 Jan 93

[Text] Taipei, Jan. 4 (CNA)—President Li Teng-hui has not yet made a final decision on the candidates for the next premiership amid press speculation on a replacement for Premier Hao Po-tsun, a ranking official said Sunday [3 January].

"The president will give the matter thorough considerations before making his final choice," Judicial Yuan President Lin Yang-kang told local reporters while hiking in Mucha, suburban Taipei.

Premier Hao said earlier that his entire cabinet would resign when the new legislature convenes Feb. 1. Under the Constitution, the president appoints the premier with the consent of the National Assembly.

Lin, a charismatic political heavyweight, said the president summoned him last Wednesday after a weekly meeting of the Central Standing Committee of the ruling Kuomintang [KMT]. Li is concurrently KMT chairman and Lin a member of the party's highest decision-making body.

The local press has speculated that the Li-Lin meeting was related to the nomination of candidates for the premiership.

Lin pointed out, however, that they did not only talk about possible candidates for the premiership. "In fact, it was only a small part of our conversation," he said.

"The president sought my opinions on a broad range of issues, including the reasons behind the KMT's setback in the Dec. 19 legislative election," Lin explained.

He added that the president also asked his thoughts on reform in the party apparatus following the election

setback. The KMT, though still commanding a comfortable majority in the new legislature, captured only 96 seats in the election while the opposition Democratic Progressive Party garnered 50 seats, more than double the seats it won in the 1989 election.

Lin recalled that the president did not take the initiative in asking for his opinions about candidates for the premiership as reported by some newspapers.

Lin said after Li mentioned personnel changes in the government, he presented the president with three suggestions for the premiership and the merits and demerits of each choice.

The three suggestions were based on recent press reports which focused on three scenarios: Hao's staying on; a younger politician replacing Hao and Lin himself assuming the premiership.

Lin said the president thanked him for his candid opinions during their 50-minute talk.

"The president also said he would consult with other party elders to make the most comprehensive assessment of the issue before choosing a candidate for the top cabinet post," Lin reported.

Lin denied news reports that Li was mainly considering younger politicians as new cabinet members. The president only said that he may appoint a younger official to replace Wang Tao-yuan, vice president of the Judicial Yuan, who has offered to retire.

The popular politician said the president did not ask him about his present job. He noted that he would abide by whatever decision was handed down by the president. "If he wants me to stay I will stay, and if he wants me to resign, I will do so."

He added, however, that if he stays on his current post, he would resign next fall when the present term of the members of the Council of Grand Justices expires.

Lin said he also sees a need to appoint more younger officials to key government posts. He added that he prefers an official experienced in judicial affairs to succeed Wang as his deputy. Both Vice Premier Shih Chi-yang and Justice Minister Lu You-wen are suitable candidates for the post, he added.

Control Yuan Nominees To Meet Assembly Deputies

*OW0401085993 Taipei CNA in English 0753 GMT
4 Jan 93*

[Text] Taipei, Jan. 4 (CNA)—The Secretariat of the National Assembly (NA) will host a luncheon Wednesday [6 January] during which the candidates for the Control Yuan seats will be introduced to NA members.

NA Secretary-General Chen Chin-jang said Sunday that the National Assembly will vote on the Control Yuan Presidency, Vice Presidency and members Jan. 18.

The Electoral College is also scheduled to screen the qualifications of the candidates for the watchdog body seats Jan. 11-15.

"The upcoming luncheon will provide a forum for Control Yuan candidates to meet their electorate," Chen noted.

According to an amendment to the Constitution approved last May, the Control Yuan members are appointed by the president with the consent of the National Assembly.

President Li Teng-hui has nominated Defense Minister Chen Li-an as president of the Control Yuan [CY] and Cheng Shui-chih, chairman of the Central Motion Picture Co., as Chen's deputy. Li has also named 27 candidates for the CY seats.

The Control Yuan audits government agencies and has the power to censure government officials. In the past, its members were elected by members of the Taipei and Kaohsiung City Councils and the Taiwan Provincial Assembly.

In a seminar on the future functions of the Control Yuan sponsored by the Constitutional Research Council, an NA sub-group, several scholars suggested that all Control Yuan members withdraw from political parties, stop attending any political activities, and make public their personal and family assets.

Only by doing so can Control Yuan members perform their duties impartially and meet the public expectations, the scholars stressed.

No Need Seen To Limit Exports to Mainland

*OW0401100693 Taipei CNA in English 0825 GMT
4 Jan 93*

[Text] Taipei, Jan. 4 (CNA)—Economics Minister Hsiao Wan-chang said over the weekend that there is no need for the nation to limit the growth of exports to the mainland as it is a natural result of economic development here.

Two-way trade between the two sides of the straits totaled over US\$7 billion last year with Taiwan's mainland-destined exports reaching US\$6 billion to account for 7.36 percent of the nation's overall exports.

Several local economists, worried about the nation's growing dependence on the mainland market, have asked the government to set the "alarm line" to monitor cross-strait trade.

Minister Hsiao noted that most of the nation's exports to the mainland are machinery and raw materials imported by Taiwan-invested companies. He termed the situation

one of "keeping roots in Taiwan," noting that the mainland's reliance on Taiwan imports made it, in fact, a two-way dependence.

Echoing Hsiao's comments, the Economic Research Department of the Ministry of Economic Affairs said that to set limit on exports to the mainland would put the nation at a competitive disadvantage in tapping the potential mainland market.

Besides, it added, the government simply hasn't the power to stop local enterprises from continuing to promote business on the mainland.

In related news, Minister Hsiao has said that the government will liberalize the importation of materials and semi-products from the mainland to meet the increasing local demand.

Hong Kong

Lu Ping Interviewed on Hong Kong's Future

HK0401104593 Hong Kong WEN WEI PO in Chinese
4 Jan 93 p 11

["Detailed excerpts" of interview with Lu Ping by Hong Kong Television Broadcasts Limited reporters in Beijing on 2 January]

[Text] Lu Ping, director of the State Council Hong Kong and Macao Affairs Office, gave an interview to reporters from Hong Kong Television Broadcast Limited (TVB) the other day. The following are detailed excerpts of the interview:

[Reporter] What term would you use to describe current Sino-British relations?

[Lu] The current Sino-British relations, I would say, are not good. The relations were good on the whole following the signing of the Sino-British Joint Declaration on the Question of Hong Kong. There have been some setbacks in between but the problems were resolved appropriately through consultations between the two sides. The problem is that Sino-British relations have been at a low tide since Mr Patten assumed the governorship of Hong Kong in 1992. In our view, we hope that the two sides can cooperate with each other in the remaining four years of the transition and jointly realize a smooth transfer of government. Because the British side has adopted an uncooperative manner and rejected convergence, however, relations between the two sides remain rather tense.

In our view, the difference between Britain and ourselves does not lie in how quick or slow is the pace of democracy in Hong Kong. The crux of the matter is whether promises are honored. China and Britain held consultations on numerous occasions in the past on smooth transition and convergence in 1997. Through consultations, the two sides reached agreements and an understanding. According to these agreements and understanding, the relevant provisions were made in the Basic Law. The establishment of the first legislature of the Hong Kong Special Administrative Region (SAR), as you have seen, was based on the consultations and the agreements and understanding reached between the two sides. As the Basic Law has been adopted, it cannot be altered. However, the British side turned back, saying that there were no agreements between the two countries. This involves the question whether the promises are to be honored. If the things determined by the foreign ministers of the two countries through their letters in black and white are not regarded as agreements, is it necessary to carry out further cooperation in the future? How can we continue cooperation when the promises are not honored? This is the fundamental question. If the agreements reached in the past do not count, does it mean that the agreements reached in the future can be repudiated unilaterally?

[Reporter] Mr. Lee Kuan Yew believed that Patten's package constitutes a plot by the West to encircle China.

[Lu] It would be inappropriate for us to comment on that. Anyway, we highly respect Mr Lee Kuan Yew. He is an outstanding statesman with rich experience in the political sphere. He is also a farsighted person. Nevertheless, it is true that there are people who want to play the international card. If they do so, they will certainly make the Hong Kong issue more complicated. This is what we do not want to see. We believe that they will not succeed in playing the international card.

[Reporter] You said that there are people who want to play the international card. What, then, is the intention behind that?

[Lu] The intention is that they want international support for the so-called package so as to exert pressure on us.

[Reporter] Just now you said that the crux of the matter was whether the promises made between the two sides should be honored rather than democracy in Hong Kong. If the Chinese side is not against it, why cannot the Hong Kong people be allowed to get more democracy, accept Patten's package, and reach a new understanding?

[Lu] We have stressed the question of democracy on numerous occasions. The Chinese Government maintains that Hong Kong must have democracy. It should be noted that democracy offered in the Basic Law is far beyond what is practiced now in Hong Kong. Hong Kong had no democracy under colonial rule over the past century or so. Besides developing democracy in Hong Kong, the Basic Law has, in light of Hong Kong's reality, stipulated that democracy should develop, step by step, in an orderly way. Both the legislature and the chief executive will eventually be elected through universal suffrage, with everyone having the right to vote. These provisions were made after repeated revisions and soliciting the opinions of various Hong Kong circles over a period of four years and eight months. Following the Basic Law's promulgation, even the British issued a statement saying that the Basic Law had extensively accepted the views of the Hong Kong people.

[Reporter] Why is Hong Kong selected as a front in the diplomatic battle between China and Britain?

[Lu] Above all, we do not want to fight a diplomatic battle. The current open polemic was also not first stirred up by us. We have also mentioned on numerous occasions the things which happened before and after Patten made his policy address. We do not want to see an open polemic. At the same time, we have also stated that if the British side insists on stirring up an open polemic we have no option but to take it up and fight to the finish. The problem which has now occurred in Hong Kong is not of our choosing and is one which we do not want to see. Hence, you are aware that we have always been in a position to take action afterward in response to an opponent's challenge.

[Reporter] You have repeatedly mentioned diplomatic fraud. If it were really a fraud, how could China be so easily deceived by the British in its dealings with Britain over the years?

[Lu] I did say that it was a fraud, but did we totally follow the British? You should be aware of the following: Although we made relevant provisions in the Basic Law, you should have noted that we intentionally added one point to the National People's Congress [NPC] decision on the formation of the first government and legislature, that is, the "through train" in the future is conditional and not unconditional. First, the formation of the last Legislative Council [Legco] and its composition should conform with this decision and the relevant Basic Law provisions. Second, Legco members should support the Basic Law. Third, the SAR Preparatory Committee should endorse the formation of the last Legco and its composition. Therefore, we say that it is conditional. If convergence is possible, these arrangements will continue. Otherwise, as we have said, a new kitchen will be built in light of this decision.

[Reporter] You said that the Chinese side will build a new kitchen. Specifically speaking, how will the kitchen be built?

[Lu] By building a new kitchen, we mean that this kitchen should be built in light of the Sino-British Joint Declaration, the Basic Law, and a series of understandings and agreements reached between the two sides in the past. Only in this way can the kitchen continue to be used after 1997.

[Reporter] Does the building of a new kitchen not constitute a violation of the Joint Declaration?

[Lu] The building of a new kitchen, as we have said, refers to the formation of the first legislature. Under what circumstances will a new kitchen be built? When convergence is impossible. If the current one converges with the Basic Law, there will be no problem. The building of a new kitchen does not violate the Joint Declaration because it will be used after 1997. Moreover, it does not violate the Joint Declaration as it is built in light of the Basic Law's provisions. There are some misunderstandings among Hong Kong people, believing that we will set up a SAR Preparatory Committee in advance. It is stipulated in the NPC decision that the committee will be established in 1996 so we will strictly follow the decision. In addition, some Hong Kong friends have proposed establishing an organization to ensure a smooth transition. It is unlikely that this organization will become a second organ of power in Hong Kong before 1997. The main task of this organization is to ensure a smooth transition. To realize a smooth transition, it is necessary to listen to the opinions of the Hong Kong people on various matters. As to the exact date of its establishment, we are still soliciting opinions from the Hong Kong people.

[Reporter] Say, for example, some people want to invest in Hong Kong. As they are aware of such an organization, they will come to consult you to see whether their investment will be recognized by you after 1997. Does not this mean that the Hong Kong Government has become a lame duck?

[Lu] Because the Hong Kong Government will be responsible for administration before 1997 as is stated in the Sino-British Joint Declaration, this organization will not interfere in any routine administrative affairs. As there are only four years or so left to 1997, many people will have to consider whether their investment will continue to be effective after 1997. Regarding the contracts signed with the government in particular, it is a realistic issue whether these contracts will continue to be effective after 1997. It is necessary to face this question and resolve it. Herein lies the reason why we issued a statement some time ago, reiterating that contracts which straddle 1997 and which affect the responsibilities and duties of the SAR government must be approved after consultation with the Chinese side. This is a question facing every investor. In terms of law, administration of the British Government will terminate on 30 June 1997. As a government it cannot go past that date. All the contracts it has ratified, legally speaking, can only be effective until 30 June 1997. If they go beyond that date, it has exceeded its authority. As a matter of fact, this is not a new topic. It was raised by the British side through diplomatic channels long ago in 1979, asking us to extend the effectiveness of the land leases beyond 1 July 1997. In view of the fact that only a few years were left to 1997, it would be inappropriate for the land leases to be effective only for a few years and, to ensure the interests of investors, the British side raised the question, asking for China's approval to their land leases which straddle 1 July 1997. Because the question involved sovereignty and we never recognized the unequal treaties, we did not give our consent to them to ratify land leases past 1 July 1997. Hence, we were against the question at that time. Later, the talks between China and Britain on the question of Hong Kong started from this point. Herein lies the reason for the Joint Declaration to specially have Annex III, which determines the land leases. Besides the land leases, the Joint Declaration did not mention other contracts which had not been broached during the talks between the two countries. However, the nature remained the same. Therefore, we say that it is an old topic and not a new one. During the Sino-British talks on the building of Hong Kong's new airport, we urged the British side to bring the contracts which straddle 1997 to the Sino-British Joint Liaison Group [JLG] for discussion and this is what the two sides have done. Some of the contracts which straddle 1997 have been brought to the JLG for discussion and some have been settled through consultations between the two sides. For example, the JLG has discussed the new China Light and Power Company Limited contract. We have given our consent and the Chinese representative of the liaison group has

presented a letter to the China Light and Power Company Limited. Naturally, these problems refer to the major contracts which do not include the ordinary ones, such as taxi licenses and residential housing contracts. We already have a plan to declare on one occasion that all these licenses and contracts will continue to be effective after 1997. As to the contracts for public servants, there are specific provisions in the Joint Declaration as well as the Basic Law. You can see that these problems are stated in Articles 100, 101, and 102. All public servants working for the Hong Kong Government may continue to serve the SAR government after 1997. We have also adopted a positive attitude toward the contract for Container Terminal No. 9. This is the case with Container Terminal No. 9 as well as with cable television. The question now is that these have not yet been brought to the JLG by the British side. If other consortia want to talk with us, they are welcome. But the question must eventually be settled through the JLG.

[Reporter] An article issued recently by the XINHUA NEWS AGENCY criticizing a British consortium evoked strong repercussions in Hong Kong. I would like to ask: Is the consortium the Jardines Matheson Holdings Limited?

[Lu] The article was issued by XINHUA so you should ask the agency. I am not in a position to speak on their behalf.

I have read the article carefully. It is certain that I am not in a position to speak on the agency's behalf. As I see it, XINHUA did not issue the article because it was a British consortium or because it backed Patten's package. It is because the consortium built up its wealth in Hong Kong and earned its money from Hong Kong taxpayers. However, it has adopted an irresponsible attitude toward Hong Kong over the years. As an influential consortium, instead of being irresponsible it should have undertaken the responsibility for Hong Kong's stability and prosperity. This is but an isolated case, which has nothing to do with other British, French, or American firms.

[Reporter] Many Hong Kong people have expressed their support for Patten's package. What is China's attitude toward these people?

[Lu] I think we cannot draw a demarcation line between those who support Patten's package and those who do not. In our view, the majority of Hong Kong compatriots are patriotic and most of them do not want to oppose China. Most Hong Kong compatriots hope that Hong Kong can maintain long-term stability and prosperity. We all have this common objective and these people are our friends.

[Reporter] But some of them are officials in political groups or the government. They might want to contribute to Hong Kong's political arena after 1997. Will their current support for Patten's package affect their future?

[Lu] I have said before that these problems will all be matters within the scope of Hong Kong, which are beyond the central government's jurisdiction. These problems will be resolved by the SAR, where Hong Kong people ruling Hong Kong will be practiced. In my view, so long as they observe and abide by the law, all political groups and individuals may participate in activities as usual.

[Reporter] Will there be a Chek Lap Kok airport from now to 1997? What if there is no new airport? Is China against this?

[Lu] As far as the Chinese side is concerned, we feel that the problem was settled following the signing of the Memorandum of Understanding [MOU] on the Hong Kong New Airport Project. The Chinese Government has officially expressed its support for the building of a new airport. The problem is that the British side has deliberately complicated the issue and asked the Chinese Government once again for support. Why has Britain made another request? The problem is that the British Hong Kong Government's budget for the new airport far exceeds the costs stated in the MOU. Of the figures provided by the British Hong Kong Government for the whole airport, the costs have increased by 13.8 percent in less than six months. Moreover, the figures are based on March 1990 prices, which do not include inflation. Anyway, we hope that Hong Kong will have a new airport. We also hope that the British side will return to the track of the MOU and build the airport.

[Reporter] What if Legco adopts Patten's package?

[Lu] We have stated very clearly that Patten's constitutional package has contravened the Sino-British Joint Declaration, the Basic Law, and the agreements and understanding reached between the two countries on Hong Kong's political system, so we simply cannot accept it. Some Hong Kong friends have urged the two sides to sit down and talk. We agree with this. The problem is that there must be a prerequisite, that is, Patten must scrap and withdraw his constitutional package. If the talks are to continue, they should be based on the Basic Law and should touch on convergence with the Basic Law. This is the only way out. The Chinese side will not accept any proposals that are patched together on the basis of the Patten package. All such proposals are not proposals for convergence and will not be allowed to take the through train to beyond 1997. If Patten obstinately clings to his course and forces his package through Legco, I do not think it is an attitude favorable to convergence. I have read Hong Kong newspapers reports saying that the British Hong Kong Government has declared that the package will be put into force if it is passed by Legco and it will be retained in 1997 if convergence can be achieved in Hong Kong under the jurisdiction of its new sovereign state. This indicates that the British side has made up its mind to give up convergence. Such being the case we will be forced to take measures. Whether we will assume a tougher stand will depend on the British side's attitude.

We will gain mastery by taking actions afterward in response to the opponent's challenge. If the British side is getting tough with us, we will not make any concessions. If the British side insists on its own way, Hong Kong will certainly be thrown into confusion. The responsibility for this will not lie with the Chinese side. We believe that the majority of Hong Kong people have realized this point.

[Reporter] According to the Chinese side's understanding, of what are Hong Kong people most afraid?

[Lu] In my understanding, the Hong Kong people are most afraid of confrontation with China. If Hong Kong stands opposed to China it will be rather difficult for Hong Kong to survive.

[Reporter] In the face of the current stalemate, what should the Hong Kong people do?

[Lu] Hong Kong people should show concern for the matter. After all, it is a matter for Hong Kong people themselves. They should fully express their views on ensuring a smooth transition and convergence with the Basic Law.

So far there has been no sign of improvement in Sino-British relations with regard to the Hong Kong issue. Our attitude is very clear: The very basic conditions for improvement will be available only when Mr Patten totally withdraws his package and returns to the track of the Sino-British Joint Declaration and convergence with the Basic Law. There are some discrepancies in recent reports by some Hong Kong newspapers on remarks made by Foreign Minister Qian Qichen during his meeting in Beijing with a visiting group from the Democratic Alliance for the Betterment of Hong Kong. I checked the meeting minutes, which state: Relations between China and the United Kingdom will still be maintained. The Chinese foreign minister and the British foreign secretary are to meet every six months according to the MOU. They met in London last March and met again in the United Nations last September. If they are to meet again, the next meeting should fall in March 1993 and the meeting place will be Beijing. But this will depend on the development of the situation. It will depend on how Britain weighs the pros and cons and on what action Britain is going to take. These are Foreign Minister Qian's original words.

Says PRC on 'Counter-Attack'

HK0301021293 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 3 Jan 93 p 1

[By political correspondent Danny Gittings]

[Text] Beijing yesterday dashed hopes the Sino-British rift was softening, and denied earlier reports that the foreign ministers of both countries would meet in March. Hong Kong and Macao Affairs Office Director Mr Lu Ping said China was preparing fresh attacks against the Patten package, and relations would never

improve unless it was scrapped. "We're on a counter-attack," he said during an interview with TVB [Television Broadcasts Limited].

Mr Lu hinted the March summit between British foreign minister Mr Douglas Hurd and his Chinese counterpart may be cancelled. Quoting a written text, he repudiated reports that Chinese Foreign Minister Mr Qian Qichen had told a delegation from Democratic Alliance for Betterment of Hong Kong (DAB) the meeting would go ahead.

DAB chairman Mr Tsang Yok-sing told the SUNDAY MORNING POST last night that it now seemed there had been "a bit too much optimism" after their recent visiting to Beijing. But a British Government source in London hit back at Mr Lu's remarks, saying China now seemed ready to break the airport Memorandum of Understanding, calling for six-monthly meetings between the two foreign ministers.

'Substantive' Results Seen From 1992 Dialogues

HK0101132093 Beijing XINHUA Hong Kong Service in Chinese 1550 GMT 31 Dec 92

[By Guo Lingchun (6753 3781 2504): "Sincere Dialogues Between Hong Kong and the Mainland Have Yielded Substantive Results"]

[Text] Hong Kong, 31 Dec (XINHUA)—Popular terms like exchanges and communications can no longer sufficiently summarize the overall implications involved in the growing number of visits up north by organizations in Hong Kong. A source in the political circle said that the focus of people's attention now is on the substantive results which have been brought about through sincere dialogues conducted by the two sides.

Delegations cross the Lowu Bridge every year. However, the Hong Kong delegations which visited the mainland in 1992 surpassed all previous delegations in terms of broadness of scope and number of persons involved. Of the 11 political organizations, 10 of them visited Beijing, while others made several trips back and forth; organizations from the industrial and commercial circles which carried out noncommercial visits to the capital and other major cities also numbered more than 10. In addition, there were also organizations and associations from the judiciary, education, social welfare, workers, women, youth, and religion. Some of these had never before had contacts with the mainland.

The visits up north by political organizations were often the subject of intense coverage by the media here. A Hong Kong newspaper recently published an article giving a new interpretation, saying that failure to go to Beijing is what makes news now. The article explained: With the imminent return of Hong Kong in 1997, how can a political organization which does not or could not have dialogue with Beijing acquire understanding of

national conditions, convey popular sentiments, and represent the genuine interests of the Hong Kong people in the coming years?

A scholar provided an analysis from another aspect. He said: The mainland's continuing opening up and its brightening economic situation offer an "opportunity" for people who have long sought dialogues, and who have been pacing on the sidelines. It can truly be described as a favorable opportunity and condition.

These organizations of different characters and objectives may not share the same views on certain issues in Hong Kong, but as Chinese living in the Hong Kong territory, they all support the Basic Law as well as the "one country, two systems" policy. This starting point serves as the basis for dialogue between the two sides. As they move closer to each other, they personally experienced the Chinese Government's concern for Hong Kong, and common interests make the two sides become more sincere and practical in their dealings.

Major issues of concern to the people of Hong Kong, such as the controversial "political reform proposals" which led to the Sino-British arguments, and post-1997 Hong Kong social affairs, are the important topics discussed during the visits carried out this year. The Democratic Alliance for the Betterment of Hong Kong returned from a visit to Beijing at the end of 1992, bringing back the Chinese Government's expression of sincerity to protect Hong Kong interests as it has always done in the past. This "New Year offering" has added some joy to the Hong Kong people as they welcome the New Year. And in their earlier visits, substantive results were also obtained on issues like the new airport project, the joint effort to combat crimes, and the civil service pension fund. By spreading the news to the public, they allowed the millions of residents to have "an idea of how things stand" during the transition period. Meanwhile, the members of the political organizations who are imbued with a sense of mission claimed they were "duty-bound" to serve the public.

All members of the Cooperative Resource Center of Hong Kong visited China for the first time in its capacity as a political organization, a visit which was tagged by the media as a "breakthrough." Having left Hong Kong to see the development of the country with their own wide eyes, they felt the trip was totally worth it and became more optimistic about the future of Hong Kong. And they duly conveyed this sentiment to the people of Hong Kong.

Sincere talks gave the meetings substantive content. During a seven-day visit, representatives of the Hong Kong Senior Civil Servants Association learned about continuing their role as civil servants in the future special administrative region; the Hong Kong Chinese Civil Servants Association held exploratory talks with concerned authorities on how to carry out normal operations in the latter half of the transition period; some

nongovernmental organizations and regional associations which called themselves "social cells" also became guests in Beijing, where they raised pertinent views regarding the people's future livelihoods.

Professional organizations also boasted of results from their Beijing visits. The Hong Kong Bar Association gave its views on how to resolve disputes in commercial dealings; the experts from the Hong Kong Joint Stock Exchange presented their analyses of the stock markets in the mainland and Hong Kong; members of charitable organizations, welfare institutions, and religious groups conducted broad contacts with their mainland counterparts and boosted their confidence to continue growing after 1997.

Some people claimed that the visits this year served as a "bridge" to the future. The reason is that their views and concepts received positive response. Speaking to reporters after returning from a visit, someone said: The policy of the Chinese Government implies that it will be responsible for the interest of Hong Kong people forever.

Article Notes Prospects for 1993 'Uncertain'

OW3112045192 Beijing XINHUA Domestic Service in Chinese 1104 GMT 30 Dec 92

[Text] Hong Kong, 30 Dec (XINHUA)—An article carried by the first issue of the 1993 "QUARTERLY MAGAZINE ON THE ECONOMIC SITUATION IN HONG KONG AND MACAO" [GANG AO JINGJI JIKAN 3263 3421 4842 3444 1323 0436] points out that Hong Kong's economic prospects in 1993, which are undoubtedly very optimistic, will become uncertain because of the antagonism created by Chris Patten.

The magazine is published by the Bank of China Hong Kong and Macao Administration Office's Economic Research Section. In reviewing Hong Kong's economic situation for 1992, the article, entitled "Prospects for the Economic Situation in Hong Kong in 1993," said: Hong Kong's economy enters 1993 in a particular atmosphere, which can be epitomized by the fact that Governor Chris Patten has proposed a "Political Reform Package"—a plan that contravenes the Sino-British Joint Statement, the Basic Law, and the understanding and agreement reached by the Chinese and British sides, thus brazenly challenging Sino-British ties and changing such ties from cooperative to confrontational.

The article continues: If the Sino-British confrontation can be solved, Hong Kong will enjoy 5.5 percent real economic growth, an increase of 0.5 percent over 1992. Inflation is expected to be higher but will not show a rapid increase.

The article points out: In 1993, China will be the most important factor for Hong Kong to retain its strong growth in exports. Owing to the fact that the 14th National CPC Congress decided to restructure China's economic system by establishing a socialist market economy, China will undoubtedly accelerate its pace of

reform and opening up. It will remain in double-digit economic growth. This is a situation which, in many aspects, will be beneficial to Hong Kong's export situation. China's tremendous amount of investment and business opportunities will further improve Hong Kong's status as an international commercial center. While investing more in China, foreign companies will also increase their investment in Hong Kong—a medium for economic and trade exchanges between China and foreign countries.

After analyzing the economy of Western industrial countries, the economy of the Asian-Pacific region, and Sino-U.S. trade, the article estimates that, in 1993, Hong Kong's exports will enjoy 20.9 percent real growth, with a 2 percent increase in the export of Hong Kong-made products and a 28 percent growth in reexportation. The figure for 1993 will be slightly higher than or similar to 1992's.

Meanwhile, the article points out: If the disputes between the Chinese and British sides cannot be solved, Hong Kong's economy will be affected in 1993. The seriousness of such an influence will be mainly determined by how far the confrontation goes. But current Sino-British disputes will not change Hong Kong's future. Because China has made a solemn announcement that, no matter what happens in the next few years, China will abide by the Sino-British Joint Statement, carry out the Basic Law, implement the concepts of "One Country and Two Systems" and "Hong Kong Ruled by Hong Kong Residents." Meanwhile, in its program and organization, the 14th National CPC Congress guaranteed further carrying out the policy of reform and opening up to the outside world. This will help Hong Kong residents and overseas investors maintain their confidence in Hong Kong. Hong Kong's exports will not be greatly affected by the disputes over political systems because external demand will not basically be changed by the local situation in Hong Kong.

Local Figures Urge Patten To Honor Commitments

OW 3112104292 Beijing XINHUA Domestic Service in Chinese 0851 GMT 29 Dec 92

[Text] Personalities of various circles and political bodies in Hong Kong continue to criticize Hong Kong Governor Chris Patten's "proposals for political reform." They pointed out that the crux of the current Sino-British dispute over Hong Kong's political system lies in British violation of the common understanding and the agreement reached between China and Great Britain. Both the Chinese and British sides could only be in a position to open negotiations if Chris Patten were to return to the track of abiding by the formerly reached agreement.

While attending a forum on current events sponsored by the preparatory committee for the various associations in the Central and Western districts of Hong Kong, Zeng Yucheng, chairman of the Democratic Alliance for the

Betterment of Hong Kong, said: Some people hold that the current dispute between China and Great Britain is a fight for democracy. This kind of explanation is untenable. In the first place, the Chinese side has never opposed Hong Kong's efforts to develop democracy. The Basic Law has clearly stated the democratic process in Hong Kong. The future Legislative Council [Legco] of the Hong Kong Special Administrative Region will be far more democratic than the Legco under the British Hong Kong Government. The Basic Law only stresses that things should proceed step by step in an orderly manner. It is hoped that there will not be abrupt changes that will shock Hong Kong society.

Zhen Yucheng believed that the current dispute over the political system involves the issue of keeping one's commitments. The British side has unilaterally gone back on the undertaking it made with the Chinese side, and has violated the agreement reached by the two sides on the change over of the political system. If the British side insists on acting without regard to the agreement, then it will be of little meaning to reopen negotiations between the two sides. He said: Judging from the public opinion poll conducted recently and the views put forward by the various circles in the community, as well as by various political organizations, one finds that the number of people who support Chris Patten's proposals for political reform is on the decline. Chris Patten should be aware that his future administration will be negatively affected once he loses the cooperation of the Chinese side.

In the same meeting, Hong Kong Affairs Adviser Wu Weiyong said: Chris Patten met with rebuff because he deserted the principle of standing by one's commitments. If both the Chinese and the British sides are unable to reestablish mutual trust, then there is nothing worth discussing between the two sides.

While attending a symposium on "The Role of Hong Kong Youth in the 1990's," Legislative Councillor Zhou Liang Shuyi of the Qilian Resource Center said: The current "fast knot" between the Chinese and the British sides has arisen from Hong Kong Governor Chris Patten's proposals for political reform. We hope the British side will consider whether or not it should change its stand.

Governor Rejects Call for Reform Referendum

HK0401081093 Hong Kong AFP in English 0737 GMT 4 Jan 93

[Text] Hong Kong, Jan 4 (AFP)—Hong Kong Governor Chris Patten rejected Monday a call by the leading pro-democracy party to hold a referendum on his proposed political reforms for the colony.

Martin Lee, head of the United Democrats of Hong Kong (UDHK), told reporters after an hour meeting with the governor that he was "disappointed" Patten refused

to support the party's call for a referendum even if the Legislative Council approved the proposals to widen democracy in Hong Kong.

Lee said it was "undemocratic" for Patten not to go ahead with the referendum on his reforms proposals, which involve extending the franchise for the 1995 local elections.

Patten's reforms, which will be submitted for debate to the local legislative assembly next month, have already angered China, which takes over this territory in four years.

Lee said he disagreed with Patten's view that it would be "divisive" to hold such a referendum, saying "if a referendum was divisive, it would not be held anywhere else in the world."

"And yet it is a popular and general accepted democratic means," Lee said.

Some 50,000 signatures were gathered in a recent campaign by UDHK for a territory-wide referendum.

China says Patten's proposals went against the Joint Declaration and the Basic Law for the post 1997 government of Hong Kong.

Finance Secretary on Effects of Row With PRC

HK3112031392 Hong Kong SOUTH CHINA MORNING POST in English 31 Dec 92 p 1

[By Fanny Wong]

[Text] Hong Kong's economy would suffer if the current Sino-British disputes over the governor's proposed constitutional reforms continued for many months, the Financial Secretary, Mr Hamish MacLeod, said yesterday.

"It must be true that if the differences of opinion go on for many months and at a high level of visibility, that is to say there are statements being made which cost a lot of confidence, then it begins to affect new investments," he said at his year-end briefing.

"If such things go on for many many months, then people begin to adjust their investment decisions... I mean many months, I don't mean just three or four months or something like that.

"At present, I feel it is reasonable for us to assume that it has not got to such a level of severity and it is not likely to go on for so long that it will greatly affect our economic growth."

But Mr MacLeod fell short of saying exactly to what extent the GDP growth would be affected, adding he had not made such a forecast.

He said the government was on target for its projections of five percent real term economic growth and 9.5 percent inflation for the current financial year.

He expected the inflation rate in the next year would be similar to that of the current year and be contained in single digit figures.

Mr MacLeod also expected the five percent growth rate to continue for the next three or four years, barring major adverse changes, such as the U.S.-China trade problems.

If the United States withdrew China's MFN [most favored nation] status, Hong Kong would probably lose about 2.5 percent of the GDP growth, he said.

But he was still confident about the economic outlook in 1993.

Supporting the political blueprint proposed by the Governor Mr Chris Patten, Mr MacLeod disagreed that giving Hong Kong more democracy would be at the expense of the territory's prosperity.

"You can't easily balance the long term merits and effects of a particular constitutional arrangement against short- or long-term economic growth," he said.

"It is not a sort of formula that anyone can do," he said.

He said the constitutional package was an important part of what would make Hong Kong continue to prosper and to work efficiently and help ensure the rule of law and an accountable administration continue.

Mr MacLeod declined to offer any latest projection on what this year's surplus might be, although a tax expert suggested it could be \$30 billion.

Mr MacLeod also declined to be drawn on if the Government would pump more money into the airport plan to resolve the current deadlock over the financing of the scheme if the year did end with a huge surplus.

"It is quite difficult to say. It partly depends on how much of the surplus is from under-expenditure and how much from extra revenue and then you look at how you might spend that money," said Mr MacLeod.

"Then it's rather easier and rather more sensible to think of ways of using it which are one-off, because the surplus is one-off, than in carrying recurrent commitments."

Mr MacLeod also sidestepped a question on whether the government was considering a third financing arrangement for the airport and its railway project which would not envisage using up all the \$40 billion land premiums generated from property developments along the rail link to finance the scheme.

"It's very difficult to answer that. At the moment, we have said and we mean we are very ready to start talks on the airport again as soon as that becomes possible," he said.

"Then it would be for the two sides to see what further movement can be made and certainly our aim would be to try and reach an agreement."

Editorial Views Future Economic Options

HK3112052992 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 92 p 12

[Editorial: "Erring on the Side of Caution, Ahead of 1993"]

[Text] If it were not for the China factor, Financial Secretary Mr Hamish MacLeod would probably count himself among that very small and exclusive band of happy finance ministers. Few of his counterparts elsewhere can boast an economy that is growing at a healthy five percent, as forecast in the last Budget statement, or expect it to remain at that level for the next four years. Inflation, while uncomfortably high at 9.5 percent, is also in line with earlier projections, with the hope that it will stay in single figures throughout 1993.

Although the territory is heading for its first annual trade deficit in nine years, exports continue to surge, with a real increase of 20 percent over the previous year. The demand for imports is a sign of Hong Kong's economic strength.

A silver lining can similarly be found in most of the other clouds on the financial secretary's horizon. Prices of domestic housing have doubled since early 1991. However, the market has begun to cool, largely as a result of government pressure on the banks to limit lending to a maximum of 70 percent and the imposition of a stamp duty that has brought in vast new revenues for government coffers.

With the mortgage ceiling now under threat, Mr MacLeod is warning home-buyers of the dangers of over-borrowing, at a time when the general trend of house prices may continue downwards. Yet the government coffers would continue to benefit from increased stamp duties if the boom of the past year returns.

Mr MacLeod would not be sitting pretty without the symbiotic relationship between Hong Kong's trading and service economy and its lower-cost manufacturing base in southern China. A substantial portion of the \$30 billion surplus now unofficially estimated for the current financial year is partially the result of government under-spending on infrastructure projects which have been delayed by the stalemate over the airport, and the controversy over the governor's political reform package. There will be the inevitable calls from various sectors for the government to increase spending in areas such as welfare, education and medical services. However, the government will be wary of giving in to such pressure, given the uncertainties that 1993 holds.

China, too, will be watching carefully for any signs of Hong Kong Government profligacy. Although Beijing is guaranteed a minimum of \$25 billion in reserves by 1997 under the Memorandum of Understanding on the airport signed last year, Mr MacLeod's subsequent revelation of how much more will be in the kitty by then left

Chinese leaders feeling cheated. It fanned Beijing's traditional distrust of the British and has contributed to its theory that London is planning to spend the territory's wealth to benefit UK companies before the handover. Moreover, if the dispute with China continues for very much longer, it will hurt investor's confidence and the economy in general.

The governor pointed out after his policy address in October, and Mr MacLeod underlined it again yesterday, that a substantial level of reserves must be set aside as a cushion in case China's trading relationship with the United States takes a turn for the worse. The Financial Secretary's deliberately conservative growth estimate for the next 4 and 1/2 years will begin to look optimistic if American President-elect Mr Bill Clinton succumbs to the temptation to attach conditions to China's Most Favoured Nation status.

'Yearender' Reviews Stock Market Performance

OW3112155992 Beijing XINHUA in English 1442
GMT 31 Dec 92

["Yearender" by Li Zhigao: "Hong Kong Stock Market Promising Despite Political Uncertainty"]

[Text] Hong Kong, December 31 (XINHUA)—The 1992 Hong Kong stock market will be remembered as being both bullish and bearish, benefiting from more than 50 index record breaking days but suffering an unexpected plunge.

Hang Seng Index (HSI), key indicator of local blue chips, closed at 5,512 points on this year's last session today, far from 7,000 points as expected by brokers at the mid year but 28 percent up compared with a year ago today.

The market made itself three new high records: the turnover at 700 billion H.K. [Hong Kong] dollars (90 billion U.S. dollars), funds of 116 billion H.K. dollars (15 billion U.S. dollars) raised by the listed investors, and the number of newly-listed companies up to 60.

The Hong Kong Stock Exchange saw the HSI soar nearly 50 percent from 4,297 points to 6,447, a historical high record, between January and mid-November, outstanding among the top 10 stock markets in the world.

Local brokers attributed the bullish market to major developments in the mainland from Deng Xiaoping's remarks during his south China tour in the first quarter this year to the 14th Congress of the Chinese Communist Party in the last quarter, which endorsed the development of socialist market economy in China.

Factors attributable to the bullish market also included the relaxation of Sino-U.S. trade relations, the continued economic growth in Hong Kong and the bright prospect for investors to make more profits, the brokers said.

However, the Hong Kong stock market has been clouded since the newly-appointed Governor Chris Patten put

forward the "constitutional package" October 7 which resulted in the Sino-British controversy.

In response to the escalation of the controversy, panic sellings reduced the HSI by 1,468 points, or 23 percent, between November 13 and December 3, knocking off the market value nearly 300 billion H.K. dollars (38 billion U.S. dollars).

However, a series of favorable factors, China factors in particular, succeeded in saving the market from further falling and enabling the HSI to have rebounded to 5,512 points in active trading at the end of this year.

Summarizing the whole operation of the market, chief executive of the Hong Kong Stock Exchange Paul Chow said that the most important development for the market this year is the opening of the access for Chinese enterprises to raising funds in the territory.

China travel international investment Hong Kong limited and three other Hong Kong-based Chinese companies have been listed directly on the Hong Kong stock market this year, while preparations are under way for additional nine mainland-based Chinese companies to list in the territory.

Regulators in the securities circles described the listing as "an important milestone" in the history of the Hong Kong stock market. They said the listing has not only enhanced the economic integration of the two places but broadened the market and made it more competitive internationally.

The 1992 Hong Kong market also featured the outstanding performance of the 70 "China concept" shares in the market issued by companies who have investments in the mainland or established business relations with their mainland counterparts.

Analyzing the market, brokers found that the "China concept shares" in most cases led the surge in the bullish market and showed the strongest resistance to the dull market and sometimes, even rose against a declining trend in the market.

The combination of strong performance of the Hong Kong market and the recession in other markets in the world drove overseas investors to revise their business strategy and invest more in Hong Kong.

As a result, the daily turnover averaged 2,834 million H.K. dollars (363 million U.S. dollars) in the first 11 months, twice the daily average over the past three years, led by turnover related to bank shares.

On the negative aspect of the market, analysts said that the Sino-British controversy resulted from the "political package" stirred up disturbances in Hong Kong, undermined local investment climate and dampened investors' confidence in the market.

However, analysts observed, overseas investments haven't flown out of Hong Kong as most investors

adopted a wait-and-see attitude towards the political fluctuation in Hong Kong and an optimistic approach towards the market in long terms.

As Hong Kong has been integrated with south China economically, analysts said, Hong Kong has a bright future of economic growth and business operation as long as China continues its economic reform and opening to the outside world.

Meanwhile, they said, the Chinese Government has made it clear repeatedly that no matter what happens China is to resume the practicing of sovereignty over Hong Kong, carry out the "one country, two systems" concept, and maintain the prosperity and stability in the territory.

They predicted that the well-founded Hong Kong stock market, which is expected to face serious challenges, political ones in particular, will surge in fluctuation in 1993.

Waste Dumping Said Harming 'Mainland Waters'

*HK0101031593 Beijing CHINA DAILY in English
31 Dec 92 p 3*

[Article by staff reporter Wang Rong: "HK Dumping of Rubbish Harms China Fisheries"]

[Text] Hong Kong's consistent dumping of sludge and rubbish in mainland waters have caused serious pollution and damaged Guangdong Province's fishing industry.

A joint investigation team of mainland marine and aquatic production administrations has started probing the situation, according to sources from the State Bureau of Oceanography (SBO).

The matter will be taken up with Hong Kong as results of the investigation come in.

According to the SBO, the polluted water between Guangdong's Wailindinyang Island and Hong Kong's Cheung Chau Island had spread to Guangdong's marine farming area during October.

Some 100,000 kilograms of artificially propagated fish died, causing losses of 9 million yuan (\$1.58 million).

Where the Pearl River meets the South China Sea, a large amount of shellfish and fish died in the "foul smelling" water.

Hong Kong has been dumping its waste, mostly sludge and rubbish, in this area for years.

The amount soared in May this year, with waste being dumped up to 150 times each day.

The pollution spread, destroying fisheries which used to be a major source of Guangdong's revenue.

Fishermen now complain there are no fish to catch

The dumping has also ruined the channel, which has become so shallow even a medium-sized fishing boat cannot traverse the lane in which 100,000-ton vessels used to sail.

The province's marine administration also found the aquatic farming area was so severely polluted that a clean net would be covered with sludge within three days.

The situation has become increasingly severe, according to the SBO.

In 1989, about 10,000 kilograms of artificially bred fish in this area died as a result of pollution, causing losses of 750,000 yuan (\$131,578).

In 1990 up to 20,000 kilograms of fish valued at 1.88 million yuan (\$329,800) were found dead due to pollution, and in 1991 more than 80,000 kilograms of fish died, causing losses of 3 million yuan (\$526,000).

Although the flourishing economy of Guangdong Province has much to do with its co-operation with Hong Kong, various frictions have surfaced in the past decade, when the two neighbours' economic interactions boomed.

According to a report in Tuesday's China Environment News, Guangdong environmental administration has urged the provincial government to take legislative action against Hong Kong's shifting of poisonous chloro-fluor-hydrocarbon (CFCs) into the province, to prevent "inviting severe air pollution" into the province.

More than 34,000 tons of CFCs had been transported into Guangdong during the first six months of this year by Hong Kong businessmen, according to the provincial customs office.

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